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February 27, 2004

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Sincerely,

Jane C. Venohr, Ph.D.  
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# *Alabama* **Updated Child Support Schedule**

February 25, 2004

**Submitted to:**

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## **Chapter I**

# **Introduction**

This report has been prepared under contract with the Alabama Administrative Office of Courts. The Alabama Child Support Guidelines are being reviewed in accordance with a requirement of the Family Support Act of 1988 [P.L. 100-485]. Federal regulations [45 CFR 302.56] further require that the review must include an assessment of the most recent economic data on child-rearing costs and a review of case data to ensure that deviations from guidelines are limited. This report addresses the core of the guidelines, the Schedule of Basic Child Support Obligations.

This report recommends an updated Schedule. It incorporates recent economic estimates of child-rearing expenditures. Since estimates of child-rearing expenditures are expressed as a proportion of total household expenditures, additional assumptions are necessary to build a child support schedule based on gross income. Specifically, current federal and state income tax rates and FICA are considered in the proposed Schedule. Since Alabama households have relatively lower income than the rest of the nation, adjustments to the estimates of child-rearing expenditures, which are based on national data, are made. Finally, the low-income adjustment is also updated in the proposed Schedule to reflect more current measurements of poverty.

In addition, the report provides alternative methods to adjust for low-income noncustodial parents and discuss various methods used by other states to adjust for additional dependents (e.g., other children of the noncustodial parent who live with him or her) and shared-parenting time.

## **ECONOMIC BASIS FOR EXISTING GUIDELINES**

### **Guidelines Model**

The current Alabama Child Support Guidelines are based on the Income Shares model, which was developed under the Child Support Guidelines Project funded by the U.S. Office of Child Support Enforcement (OCSE) and administered by the National Center for State Courts. Recommended for state usage by the Guidelines Project Advisory Group, the Income Shares model has been described as follows:

The Income Shares model is based on the concept that the child should receive the same proportion of parental income that he or she would have received if the parents lived together. In an intact household, the income of both parents is generally pooled and spent for the benefit of all household members, including any children. A child's portion of such expenditures includes spending for goods used only by the child, such as clothing, and also a share of goods used in common by the family, such as housing, food, household furnishings, and recreation.<sup>1</sup>

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<sup>1</sup>Robert G. Williams, *Development of Guidelines for Child Support Orders, Part II, Final Report*, Report to U.S. Office of Child Support Enforcement, Policy Studies Inc., (March 1987) p. II-69.



When the Alabama Child Support Guidelines were first drafted in 1987, the State developed an Income Shares model through technical assistance provided by the national Child Support Guidelines Project. Like most Income Shares states at this time, Alabama based its Schedule on economic estimates of child-rearing expenditures as a proportion of household consumption developed by Dr. Thomas Espenshade. The Espenshade estimates, which are published in *Investing in Children* (Urban Institute Press: Washington, D.C., 1984), were derived from national data on household expenditures from the 1972-73 Consumer Expenditure Survey conducted by the U.S. Bureau of Labor Statistics. They were the most current and most reliable economic estimates at the time.

Although Alabama has conducted several reviews of its guidelines since 1987, none have resulted in a change to the Schedule. Consequentially, the existing Alabama Schedule is still based on economic factors dating back to 1986 and 1987.

## **ECONOMIC EVIDENCE USED TO DEVELOP NEW, PROPOSED SCHEDULE**

Since the Alabama child support schedule was developed, Espenshade's study on child-rearing costs has been updated. The first update was conducted by Dr. David Betson of the University of Notre Dame, through the University of Wisconsin Institute for Research on Poverty, to fulfill a requirement of The Family Support Act of 1988 [P.L. 100-485, §128] mandating that the U.S. Department of Health and Human Services "...conduct a study of the patterns of expenditures on children in 2-parent families, in single-parent families following divorce or separation, and in single-parent families in which the parents were never married... ." For his original research, Dr. Betson used data from the national 1980-86 Consumer Expenditure Survey to develop new estimates using five different estimating models.

Expenditures made on behalf of children are commingled with spending on behalf of adults for the largest expenditure categories (i.e., food, housing, and transportation). This commingling of household expenditures is the most important reason that equitable child support awards are so difficult to set on a case-by-case basis. Since the child's share of household consumption cannot be directly observed, it must be estimated based on the best available economic evidence on child-rearing expenditures. This evidence provides estimates of expenditures on children as proportions of parental income levels across a broad spectrum of family incomes.

### **Betson-Rothbarth Estimates**

Of the models used by Dr. Betson for estimating child-rearing expenditures, the "Rothbarth estimator" seems to have the most economic validity and plausibility. As a consequence, most Income Shares states that have updated their schedules in the past ten years now rely on the Betson-Rothbarth estimates. Nonetheless, the Rothbarth estimator is generally believed to be the lower bound in the range of estimates of child-rearing expenditures.<sup>2</sup>

Using data from the national 1996-99 Consumer Expenditure Survey, Dr. Betson updated his economic estimates in 2001. For this study, he used three different estimating models, but still concluded that the

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<sup>2</sup>Lewin/ICF, *Estimates of Expenditures on Children and Child Support Guidelines*, Report to U.S. Department of Health and Human Services (Office of the Assistant Secretary for Planning and Evaluation), Lewin/ICF (October 1990).



Rothbarth was the most sound theoretically and empirically. His updated estimates were published in 2001 in a review of California's Child Support Guideline.<sup>3</sup> They have just begun to be disseminated to other states for the consideration of child support guidelines reviews.

The new and old Betson-Rothbarth estimates of child-rearing expenditures, as well as other estimates, are discussed in greater detail in Chapter II.

### **Updating the Alabama Schedule**

Dr. Betson's research provides estimates of the proportion of household *consumption* expenditures ascribed to children. Using the economic estimates from Dr. Betson's most recent study (i.e., those based on 1996-99 data), we have developed a new, proposed Schedule for Alabama. Dr. Betson's estimates were downward adjusted to reflect Alabama's low income relative to the national average. The following additional steps were taken to arrive at this new, proposed Schedule.

- ❖ With assistance from Dr. Betson, the estimates of child-rearing costs were converted to 2003 price levels.
- ❖ Then, estimates of the proportion of household *net* income spent on children across a broad income spectrum were developed.
- ❖ We also deducted average expenditures on child care, estimated health insurance, and estimated children's extraordinary medical expenses from these proportions. (In the Income Shares model, these child-rearing costs are added to the basic child support calculation as actually incurred.)
- ❖ The updated Schedule includes a self support reserve which allows the obligor's income after payment of child support to be at least equivalent to the current federal poverty guidelines for one person.
- ❖ The existing Schedule was finally developed by converting it from net income to gross income using 2004 withholding tables for a single obligor.

### **Report Organization**

In Chapter II, we discuss the Betson-Rothbarth estimates and assess other estimates of child-rearing expenditures.

In Chapter III, we describe the steps involved in developing the proposed Schedule based on relevant economic evidence, as well as the specific assumptions made in the course of that development. Further detail is provided in Appendix I, Technical Computations.

In Chapter IV, we summarize the key assumptions implicit in the development of the proposed Schedule that are likely to have the most impact on how the tables are used.

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<sup>3</sup>Judicial Council of California, "Chapter 5, Parental Expenditures on Children," *A Review of Statewide Uniform Child Support Guideline, 2001*.



In Chapter V, we compare the existing Schedule to the proposed Schedule.

In Chapter VI, we provide an analysis of how other states make adjustments for shared parenting and additional dependents.

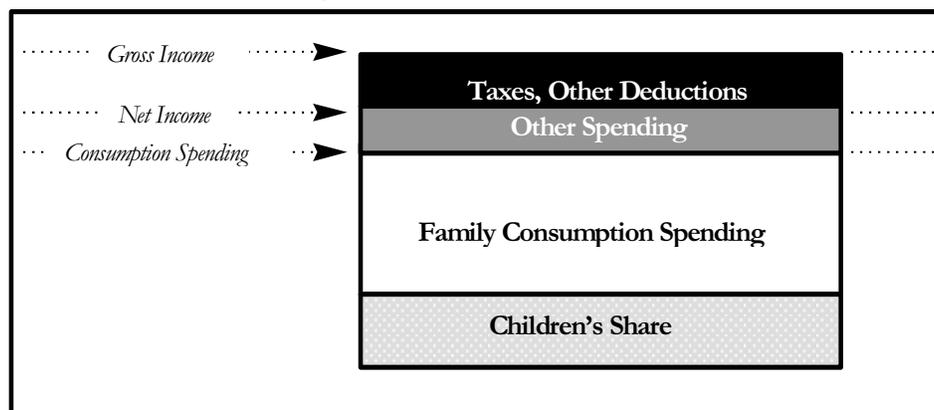
In Chapter VI, we present a brief summary and conclusions.

## Chapter II

# New Economic Data on Child-Rearing Expenditures

As previously discussed, economic estimates of child-rearing expenditures are the foundation of guidelines schedules. Child-rearing expenditures are estimated as a proportion of total family spending on consumption. By relating a family's consumption expenditures to total income, we can then derive estimates of spending on children as a proportion of net or gross family income. The relationship between consumption spending on children to total household consumption spending, and thus to net and gross family income, is depicted in Exhibit 1.

**Exhibit 1**  
**Family Consumption Expenditures and Income**



### GENERAL ECONOMIC APPROACH TO MEASURING CHILD-REARING EXPENDITURES

Most household spending on children cannot be directly observed. Parents can separately track, and account for, spending on such categories as children's clothing, educational expenses, and child care. However, for those expenditure categories accounting for the bulk of child-related expenditures, spending on children is inextricably intertwined with spending on adults. These categories of pooled family expenditures include food, housing, utilities, home furnishings, transportation, most recreation, and most health insurance. To determine how much of the household budget is spent on children, it is necessary to devise and apply an estimation methodology that indirectly calculates the children's share.

Several economic methodologies have been developed to produce such estimates. Most attempt to estimate the marginal, or extra, expenditures made on behalf of the children relative to expenditures in the absence of any children. They do so by comparing expenditures between two households that are equally well off



economically, one with children and one without. The additional expenditures by the household with children are deemed to be the costs of child rearing.

An example, shown below, illustrates this method. In this example, the households are both assumed to have two adults and are considered to be equally well off. Family A has no children, while Family B has two children:

	Family A	Family B	
Number of Children	0	2	
Income	\$18,000	\$30,000	
Children's Additional Cost		\$12,000	
Children's Share of Total		\$12,000 / \$30,000 = 40%	

In this example, Family B must spend \$12,000 more to be as well off as Family A. That \$12,000 can be considered as the marginal cost of the children. Since \$12,000 is 40 percent of \$30,000, we would estimate the total cost of the two children to be 40 percent of parental income at this level of earnings. The methodology can also be applied to compare expenditures by equally well off households with varying numbers of children. This yields estimates of additional costs of a second and third child, for example.

In order to estimate the children's share of expenditures in this manner, it is necessary to construct a standard of well-being that is independent of income. Only with such a standard can we consider two families to be equally well off, one with children and one without, even though they have different incomes. Several such standards of well-being have emerged from the economic literature on child-rearing expenditures.

### Rothbarth Estimator

The Rothbarth estimator, which was mentioned in the introduction, uses the proportion of family expenditures on luxury goods as a standard of well-being. As stated by Lewin/ICF, economist Erwin Rothbarth "... argued that the best way to measure expenditures on children is to assess children's impact on their parents' consumption."<sup>4</sup> Rothbarth assumed that well-being should be determined by comparing the levels of "excess income" available once necessary expenditures on all family members have been made, with excess income defined to include luxuries (alcohol, tobacco, entertainment, and sweets) and savings. Studies which have used the Rothbarth methodology to estimate child-rearing expenditures — including Dr. Betson's — have limited the definition of excess income to those goods which are assumed to be used only by adults, usually adult clothing, alcohol, and tobacco. In fact, Dr. Betson tested the sensitivity of his estimates to several alternative definitions of "adult goods:" adult clothing alone, and adult clothing plus tobacco and alcohol. He found there was little variation in results with these changes in definition. This

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<sup>4</sup>*Estimates of Expenditures on Children.* p. 2-16.



finding suggests that his estimates have not been significantly compromised by any data inadequacies in the measurement of spending for tobacco and alcohol.

Dr. Betson used this standard of well-being (i.e., household expenditures on adult clothing, tobacco, and alcohol) as well as others to compare spending by families with and without children, who were equally well off. He then derived estimates of spending for two children compared with one, and three children compared with two. His 1990 estimates of the average proportion of consumption expenditures allocated to children based on 1980-86 data are 25 percent for one child, 37 percent for two, and 44 percent for three.<sup>5</sup> Betson's comparable 2001 Rothbarth estimates based on 1996-99 data are 25 percent for one child, 35 percent for two, and 41 percent for three.<sup>6</sup> In other words, there are no significant differences in the average Betson-Rothbarth estimates of child-rearing expenditures from 1980-86 to 1996-99.

Since Dr. Betson's 2001 updated estimates are relatively new, it is not surprising that they are not used widely at this time. However, North Carolina and Oregon have adopted schedules using Dr. Betson's 2001 estimates. There are also 19 states that use the older Betson-Rothbarth measurements.

## Other Estimators

In addition to the Rothbarth estimator, other estimators of child-rearing expenditures have been considered in the development and review of child support schedules. The most known estimates are the Engel estimator and the estimates developed by the United States Department of Agriculture (USDA). Betson also used three other methods to estimate child-rearing expenditures in his 1990 study, but none of the alternative estimators yielded reliable results.<sup>7</sup> More detailed information about all of these estimates of child-rearing expenditures is provided in the Lewin/ICF report.

### Engel Estimator

Over a century ago, economist, Ernst Engel, found that as a family's income increases (holding family size constant), the percentage of the family's expenditures on food decrease, even though total spending increases. This means that a family's spending on food increases more slowly than income. Under this standard, total expenditures devoted to food are deemed to be a valid indicator of economic well-being. Thus, if two families of different size spend the same proportions of their incomes on food, they are deemed to be equally well off.

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<sup>5</sup>The Lewin Report which is also quoted in the USDA study lists the Betson-Rothbarth estimates as 25, 35 and 39 percent for one, two and three children (See Table 4.5 of the Lewin Report). Yet, Betson actually estimated child-rearing expenditures based on the Rothbarth methodology through numerous specifications that varied by the ages of the children, total household expenditures, and how adults goods are defined. Lewin selected the Betson-Rothbarth estimates with specifications most similar to that of a much earlier study estimating child-rearing expenditures using the Rothbarth methodology. The estimates reported above are more in line with those in Table F11 of Betson (1990).

<sup>6</sup>The estimates based by 1996-99 data are currently unpublished, but are based on a year more of data than what is included in the California report, which is based on 1996-98 data. These estimates based on 1996-98 data were negligibly different but statistically insignificant than the estimates based on 1996-99 data. They are 26 percent for one child, 35 percent for two, and 42 percent for three.

<sup>7</sup>Lewin/ICF, Estimates of Expenditures on Children and Child Support Guidelines (page 4-8).



The Engel estimator was used by Dr. Thomas Espenshade in 1984 to develop estimates of child-rearing expenditures from 1972-73 Consumer Expenditure Survey (CEX) data. Since Espenshade's estimates were the best available estimates on child-rearing expenditures at the time, Dr. Espenshade's estimates were used by the National Child Support Guidelines Project to develop prototype child support schedules for the Income Shares model. Most states that adopted the Income Shares approach including Alabama developed their Schedule from Dr. Espenshade's estimates. In addition, the Engel methodology was used in the development of the U.S. poverty standard, the Bureau of Labor Statistics equivalency scale.<sup>8</sup>

Dr. Betson also developed estimates from the Engel methodology in both his 1990 and 2001 study. He used the same data set as Dr. Thomas Espenshade; that is, the Consumer Expenditure Survey, but Dr. Betson used 1980-86 data for his 1990 study and 1996-99 data for his 2001 study.

As discussed in the Lewin/ICF report, the 1990 Betson-Engel estimates are greater than the Espenshade-Engel estimates.<sup>9</sup> Specifically, the 1990 Betson-Engel estimates, which are based on 1980-86 data, found that families allocate 33 percent of their consumption to one child, 49 percent to two children and 59 percent to three children. The Espenshade-Engel estimates, which are based on 1972-73 data, found that families allocate 24 percent of their consumption to one child, 41 percent to two children and 51 percent to three children. Lewin/ICF could not discern whether the difference results from changes in child-rearing expenditures over time or differences in the procedures used by Drs. Betson and Espenshade. Dr. Betson's estimates based on the Engel methodology applied to the 1996-99 data were somewhat less than his estimates based on the 1980-86 data but still significantly more than the Espenshade-Engel estimates. The Betson-Engel estimates that are based on 1996-99 data found that families allocate 30 percent of their consumption to one child, 44 percent to two children and 52 percent to three children.

#### **U.S. Department of Agriculture Estimates**

The U.S. Department of Agriculture's Center for Nutrition Policy and Promotion (CNPP) develops economic estimates for the major categories of child-rearing expenditures (i.e., housing, food, transportation, clothing, health care, child care and education and miscellaneous child-rearing expenditures). Although many states examine the CNPP estimates as part of their quadrennial guidelines review, we know of no state that uses the CNPP estimates as the basis of its child support schedule. In part, this is because the estimates are generally higher than the Espenshade-Engel estimates and the Betson-Rothbarth estimates. Further, since the CNPP only considers three income ranges (i.e., low-income, middle-income, and high-income), it is difficult to extrapolate between income ranges, particularly from zero dollars in income to the highest amount considered in the low-income range. Some extrapolation is necessary at low incomes so guidelines-determined amounts do not exceed income to avoid cliff effects and order amounts that exceed what can be legally withheld for child support according to Consumer Credit Protection Act limits.

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<sup>8</sup>Thomas J. Espenshade, *Investing in Children: New Estimates of Parental Expenditures* (Washington, D.C.: Urban Institute Press, 1984).

<sup>9</sup>Lewin/ICF, *Estimates of Expenditures on Children and Child Support Guidelines* (Chapter IV: The Empirical Literature on Expenditures on Children).



CNPP's most recently published figures are based on data from the 1990-92 CEX, updated to 2002 dollar levels using the Consumer Price Index (CPI).<sup>10</sup> The CNPP publication is easy to read and provides useful information that is not available from the Rothbarth and Engel estimates. Specifically, the CNPP provides estimates of child-rearing expenditures by expenditure category (e.g., housing, food), region, and age of the child. Yet, unlike the Rothbarth and Engel estimators, CNPP does not measure the marginal cost of children to a household; that is, how much more a childless family would have to spend to maintain their current well-being if they did have children. Many of the largest expenditure categories considered by CNPP are estimated using an average cost approach.

In general, CNPP's methodology differs considerably from the Rothbarth and Engel methodologies, although it uses the same data set that Drs. Betson and Espenshade used to estimate child-rearing expenditures. The CNPP estimates child-rearing expenditures for each category separately, then adds them together to arrive at a total amount of child-rearing expenditures. How expenditures are measured for each category varies. The CNPP first apportions housing, transportation, clothing services (e.g., dry cleaning) and miscellaneous other expenses among all members of the household on a simple per capita basis. For example, in a household with two parents and two children, the total housing expenditures would be equally divided among all four family members. Assuming the baseline family consists of a husband and wife and two children, CNPP then uses multivariate analysis to adjust these estimates for one-child and three or more children families.

Food and health care expenditures are allocated among each family member using proportions derived from the National Food Consumption Survey conducted by the U.S. Department of Agriculture and the National Medical Care Utilization and Expenditure Survey conducted by the U.S. Department of Health and Human Services.

Expenditures on children's clothing, education, and child care, which are directly reported in the CEX, are divided equally among each child in CNPP's baseline family (i.e., the two children). Multivariate analysis is then used to adjust these estimates for one child and three or more children.

Based on this approach, CNPP estimates child-rearing expenditures for a range of gross incomes. The CNPP estimates are also presented as a proportion of total household expenditures; they average: 26 percent of household expenditures for one child; 42 percent of household expenditures for two children; and 48 percent of household expenditures for three children. These amounts are between the Betson-Engel and Betson-Rothbarth estimates. Dr. Betson also developed estimates using the CNPP methodology from the 1996-98 data. He estimated that the proportions of total household expenditures devoted to children are: 32 percent for one child, 46 percent for two children and 58 percent for three children.

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<sup>10</sup>Mark Lino, *Expenditures on Children by Families: 2002 Annual Report* U.S. Department of Agriculture, Center for Nutrition Policy and Promotion. Miscellaneous Publication No. 1528-2002 (2003).



## Summary of Estimates

Exhibit 2 provides a summary of the estimates of child-rearing expenditures discussed above. Specifically, it displays the average percent of family expenditures devoted to child-rearing costs for one, two and three children for the:

- Espenshade-Engel estimates based on 1972-73 CEX data;
- Betson-Engel estimates based on 1980-86 CEX data;
- Betson-Engel estimates based on 1996-99 CEX data;
- Betson-Rothbarth estimates based on 1980-86 CEX data;
- Betson-Rothbarth estimates based on 1996-99 CEX data;
- CNPP-USDA estimates based on 1990-92 CEX data;
- Betson-USDA estimates based on 1996-99 CEX data; and,
- Per capita amounts.

The estimates do not consider changes in savings or the amount of consumption or personal income tax rates over time because they are expressed as a percent of total family expenditures.

### Exhibit 2

<b>Summary of Estimates of Child-Rearing Expenditures</b> (Average child-rearing expenditures as a percent of total family expenditures)			
<b>Estimate and Data Source</b>	<b>One Child</b>	<b>Two Children</b>	<b>Three Children</b>
Espenshade-Engel (1972-73 CEX)	24%	41%	51%
Betson-Engel (1980-86 CEX)	33%	49%	59%
Betson-Engel (1996-99 CEX)	30%	44%	52%
Betson-Rothbarth (1980-86 CEX)	25%	37%	44%
Betson-Rothbarth (1996-99 CEX)	25%	35%	41%
CNPP-USDA (1990-92 CEX)	26%	42%	48%
Betson-USDA (1996-99 CEX)	32%	46%	58%
Per capita	33%	50%	60%

As displayed in Exhibit 2, there is considerable range in the estimates. For example, the proportion of family expenditures devoted to child-rearing costs for one child ranges from a low of 24 percent to a high of 33 percent. For two children, the range is 35 to 49 percent and for three children the range is 41 to 59 percent. Also evident in Exhibit 2 is that the Betson-Engel estimator derived from 1980-86 CEX data is consistently the highest estimate, however, no estimate is consistently the lowest. It varies with the number of children.

## CHOICE OF ESTIMATORS

Among economists, no consensus has emerged that any single estimator is better than another. All have their limitations and biases. As a result, the Lewin/ICF report issued by the U.S. Department of Health and Human Services does not express any opinion concerning the single best estimator of child-rearing expenditures. Rather, it states that the various estimates should be considered as expressing a range of results. Of the estimates derived, however, which include several other formulations, only the Rothbarth and Engel methodologies are without serious problems of empirical specification. The primary bias of the Engel methodology, according to the Lewin/ICF Report, is that it is theoretically most likely to overstate child-rearing expenditures. In contrast, the primary bias of the Rothbarth methodology is that it is likely to understate child-rearing expenditures.

The Espenshade-Engel and the 1990 Betson-Rothbarth estimators have withstood the test of time. The Espenshade-Engel estimator has been used for over 20 years in child support schedules. The Betson-Rothbarth estimator has been used for about eight years in child support schedules. As mentioned earlier, 21 states base their schedules on the Betson-Rothbarth estimates. There are 9 states that base their schedules on the Espenshade-Engel estimator. The third most frequently used economic estimate is based on Wisconsin's interpretation of a 1981 summary article of child-rearing costs.<sup>11</sup> Wisconsin uses a flat percentage of gross income to determine child support. In this guidelines model, the amount of the obligee's income has no effect on the child support order amount. Wisconsin's percentages form the basis of child support schedules in six states.

Dr. Betson favors the Rothbarth estimator over the Engel estimator for empirical and theoretical reasons. Because the 1990 Betson-Engel estimates approach per capita (i.e., average cost) estimates of child-rearing expenditures they appear unreasonable. In the economic sciences, it is generally accepted that marginal costs should be lower than average costs—or what is called “per capita costs” in Exhibit 2. The economic concept of “marginal cost” is that the second is cheaper than the first, and the third is cheaper than the second, and so forth. In contrast, average costs assume that the first, second and third cost exactly the same. In our view, the sound theoretical basis of the Rothbarth methodology, in conjunction with the implausible results from the Engel methodology, renders the Rothbarth estimator to be the preferred choice for revision of the guidelines schedule based on the most current research on child-rearing expenditures.

The CNPP estimates are not deemed suitable because they rely on an average cost approach. The division of some expenditures between parents and children assumes a conclusion about the real allocation of those expenditures, which is particularly bothersome for setting child support awards. Child support is commonly understood to provide for the additional costs of children. It seems very unlikely that the costs of children would proportionately equal the adult's initial costs in those categories of expenditures. For purposes of child support, a marginal cost approach to estimating costs of child rearing is a more appropriate method.

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<sup>11</sup>Jacques van der Gaag, *On Measuring the Cost of Children*, DP663-81, Institute for Research on Poverty, University of Wisconsin at Madison, Wisconsin (1981).



## **OTHER ISSUES PERTAINING TO ESTIMATES OF CHILD-REARING EXPENDITURES**

### **(1) Use of national data for state guidelines**

Most state child support schedules using economic studies on child-rearing expenditures rely on estimates from national data. The specific source of the data is one of the periodic Consumer Expenditure Surveys conducted by the Bureau of Labor Statistics. These surveys are used because they are the most detailed available source of data on household expenditures. They track household expenditures and income through two components: (1) a diary of household spending; and (2) an interview survey. This produces in-depth information on household expenditures and income. The interview survey is a rotating panel survey in which approximately 8,910 addresses are contacted in each quarter of a calendar year. The targeted number of completed interview per quarter is 6,160. This allows for nonresponses and other issues that prevent interviews from being completed with all addresses. After excluding irrelevant groups (e.g., single individuals, widowed single parent households), Dr. Betson was left with an analysis sample of about 5,000 observations for the research relating to child-rearing expenditures.

Data of this depth and quality are simply not available at the state level. Moreover, replication of the Consumer Expenditure Survey at the state level would be extremely costly. Because of the methods that must be used to estimate child-rearing expenditures, the absence of such data precludes the development of accurate estimates specific to a given state. This is why no state has attempted to develop such a data source and conduct its own research on child-rearing expenditures. Yet, a few States with incomes that differ substantially from the national average (like Alabama), realign national child-rearing estimates to account for the income differences. Most of these States have incomes that are lower than the national average (e.g., Alabama, Arkansas, New Mexico, South Dakota, and Louisiana), but Connecticut, a high-income state, also realigns national estimates, but opposite in direction to that of these low-income states.

The methodology used to realign national child-rearing estimates is discussed in greater detail in the next chapter and the technical appendix.

### **(2) Use of data from intact families to determine child support levels**

The child-rearing expenditures discussed in this report are estimates from samples of two-parent households. This is appropriate since the Income Shares model (upon which the Alabama guidelines are based) seeks to apportion to the child the amount that the parents would have spent if the household were intact.

Since child support is required only when the household is not intact, some have argued that child-rearing expenditure data from single-parent families should be used as the basis for child support levels. Although such data have generally not been available in the past, Betson did formulate such estimates in his research. However, those estimates are based on much smaller sample sizes than the estimates for two-parent households. The USDA, which also estimates measurements of child-rearing costs in single-parent households, also finds the data limited for single-parent families. For example, there are not enough single-parent families with high income to measure child-rearing costs for higher income brackets.

Unfortunately, even if valid data exist on expenditure patterns in one-parent households, such data do not provide meaningful guidance for setting child support awards. In economic terms, the "costs" of child rearing are defined by what parents actually spend on their children, at least above a minimum (i.e., poverty) level. For a middle class child, for example, the only way of determining whether part of that child's costs should include a new bicycle, or own bedroom is by observing how other parents at that same income level divide their income between their own needs and those of their children. All economic studies on child-rearing costs have found that parents spend more on children as they have more income available. The relevant question is, how much of that additional income do they spend on the children?

It is well known that single-parent households with children have less money to spend than intact families. Therefore, any study of such households will observe a lower level of spending on children overall than would be observed in two-parent households. The fact that single-parent households actually do spend less income on children than two-parent households does not mean that they should spend less if the other parent has the means to provide more child support.

A simple example will help to illustrate this point. Assume that two different single-parent households exist, each with two children, and each with income before child support of \$1,000 per month. Assume also, that in the absence of child support each of these households would spend \$600 per month on the two children. Finally, assume that the noncustodial parent in the first case had monthly income of \$5,000, while the noncustodial parent in the second case had monthly income of \$1,000. Clearly, the noncustodial parent in the first case should pay substantially more child support than the noncustodial parent in the second case. This reflects the greater ability to pay, and the fact that the children's standard of living would have been much higher if the first household were intact than if the second household were intact.

That spending on the children in the two single-parent households in this example was the same level (and much lower than it should be given the incomes of the noncustodial parents) has no relevance to the child support determination except as it reflects the custodial parent's ability to contribute. This demonstrates why it is appropriate to rely on child-rearing data from two-parent households rather than one-parent households for determination of child support obligations.

## **EXPENDITURES ON CHILDREN AS A PROPORTION OF NET INCOME**

Our discussion has focused up to now on the proportion of consumption expenditures allocated to children. Of more interest is the estimated proportion of net income spent on children, which we have derived from Betson's findings on child-rearing expenditures based on the 1996-99 CEX data. For the purposes of developing child support schedules, Dr. Betson estimated the proportion of net income spent on one, two, and three children in fourteen income categories (inflated to 2003 dollars from a 1997 constant dollar base).

As shown in the table and graph in Exhibit 3, the proportion of net income spent on children declines as income increases, although the level of spending (i.e., actual dollars) on children increases as income increases.



- ❖ For one child, spending is estimated to be approximately 27 percent for one child in the lowest income category, declining to 14 percent in the highest.
- ❖ For two children, spending is estimated to be 39 percent in the lowest income category, declining to 19 percent in the highest.
- ❖ For three children, spending is estimated to be 45 percent in the lowest income category, declining to 21 percent in the highest.

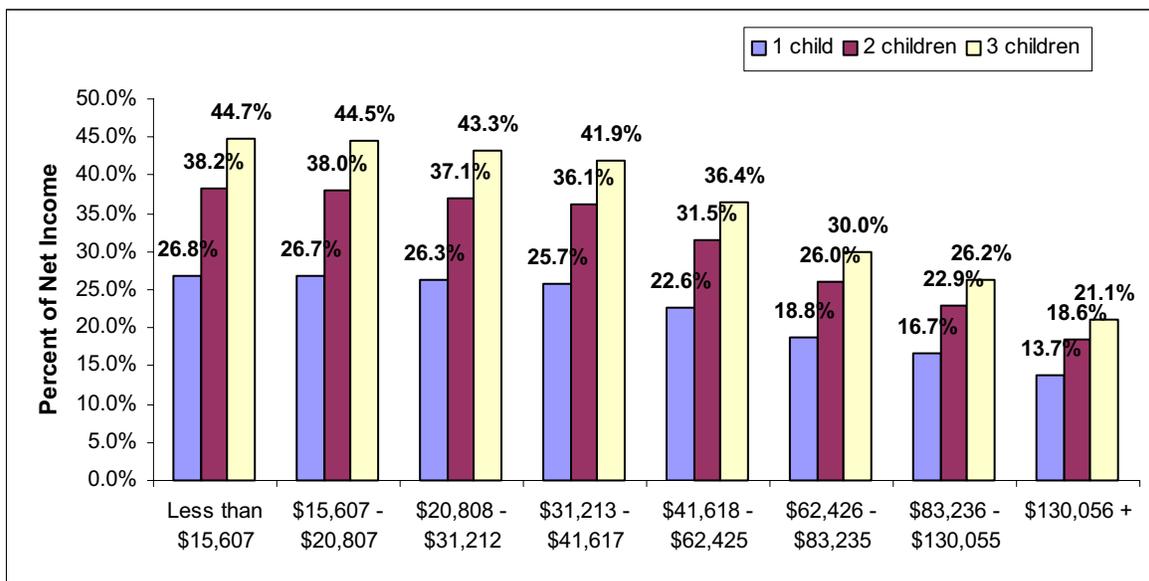
These proportions include average spending for child care and children's health care. As discussed in Chapter III, these amounts are deducted from the estimates prior to construction of a guidelines Schedule.

Like Espenshade's estimates and the CNPP estimates, the Betson-Rothbarth estimates show consumption spending declining as a proportion of net income as income increases. Yet, the Betson-Rothbarth estimates show those proportions declining more rapidly than the other estimates, with the result that expenditures on children as a proportion of net income are somewhat lower based on the Betson-Rothbarth estimates. Further, the more recent Betson-Rothbarth estimates indicate a greater decline.



**Exhibit 3**

<b>Proportion of Net Income Spent on Children (based on Betson-Rothbarth Estimates)</b>			
<b>U.S.A. Net Annual Income (2003 dollars)</b>	<b>Percent of Net Income Spent on...</b>		
	<b>One Child</b>	<b>Two Children</b>	<b>Three Children</b>
Less than \$15,607	26.80%	38.20%	44.70%
\$15,607 - \$20,807	26.72%	38.02%	44.47%
\$20,808 - \$26,010	26.44%	37.41%	43.67%
\$26,011 - \$31,212	26.16%	36.83%	42.90%
\$31,213 - \$36,415	25.88%	36.36%	42.25%
\$36,416 - \$41,617	25.57%	35.86%	41.56%
\$41,618 - \$46,819	24.02%	33.59%	38.87%
\$46,820 - \$52,022	22.91%	31.92%	36.88%
\$52,023 - \$62,425	21.75%	30.14%	34.81%
\$62,426 - \$72,830	18.96%	26.26%	30.33%
\$72,831 - \$83,235	18.58%	25.69%	29.59%
\$83,236 - \$104,044	17.28%	23.80%	27.30%
\$104,045 - \$130,055	15.64%	21.42%	24.45%
\$130,056 +	13.68%	18.56%	21.06%





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## **Chapter III**

# **Developing a Support Schedule from Estimates of Child Expenditures**

Estimating expenditures on children in intact households is only one step in developing a Schedule of Basic Child Support Obligations. The purpose of this chapter is to describe the additional procedures and assumptions used to move from child expenditures to a Schedule. A more technical discussion of the material in this chapter is presented in Appendix I.

There are three stages in the development of a Schedule of Basic Child Support Obligations that build upon the estimates of child-rearing expenditures. The first stage involves realigning the national Rothbarth estimates presented in Exhibit 3 in the previous chapter to reflect Alabama's lower income distribution. We do this by assuming that child-rearing expenditures are equivalent between U.S. and Alabama families that have the same rank in their respective income distribution scales. For example, we assume that child-rearing expenditures are the same for an Alabama family that is at the 25<sup>th</sup> percentile in Alabama's income distribution to that of an average U.S. family at the 25<sup>th</sup> percentile in the average U.S. income distribution.

The second stage is the development of a table of support proportions that relates child expenditures in different household sizes to net income. This relationship uses the realigned Betson-Rothbarth estimates. Further adjustments were made to those proportions (1) to exclude the portion of expenditures accounted for by child care and the child's share of health insurance premiums and extraordinary medical expenses; (2) to extend the proportions to households with four, five, and six children; and (3) to develop a method of smoothing the proportions between income ranges to eliminate the gaps in support obligations that would otherwise exist.

The third stage is the development of a support schedule from the table of support proportions. Specifically, since the table of proportions is specified in terms of net income, a method of translating gross to net income must be defined. Finally, in adaptation, the Schedule of Child Support Obligations incorporates a self support reserve into the Schedule to ensure that the support obligation (other than the monthly minimum) does not reduce the obligor's net income below a level necessary to maintain a subsistence standard of living.

### **REALIGNING NATIONAL ESTIMATES ON CHILD-REARING COSTS**

The Rothbarth estimates shown in Exhibit 3 in the previous chapter are realigned to account for Alabama's lower income distribution relative to that of the United States. The realigned Betson-Rothbarth estimates that take into account Alabama's lower income distribution are shown in Exhibit 4. Based on the 2000 Census, Alabama ranks 43<sup>rd</sup> in median family income and 39<sup>th</sup> in per capita income. In fact, Alabama's median family income in 1999 was \$41,657, which is 20 percent lower than the U.S. as a whole. Since Alabama has an income structure that is lower than that of the U.S. as a whole, it is reasonable to assume that prices are lower



in Alabama (due to the lower income structure), so it costs less to obtain the goods and services that are perceived as necessities. Since many child-rearing expenditures are for necessities, a lower proportion of income is allocated to children in Alabama than in the U.S. as a whole.

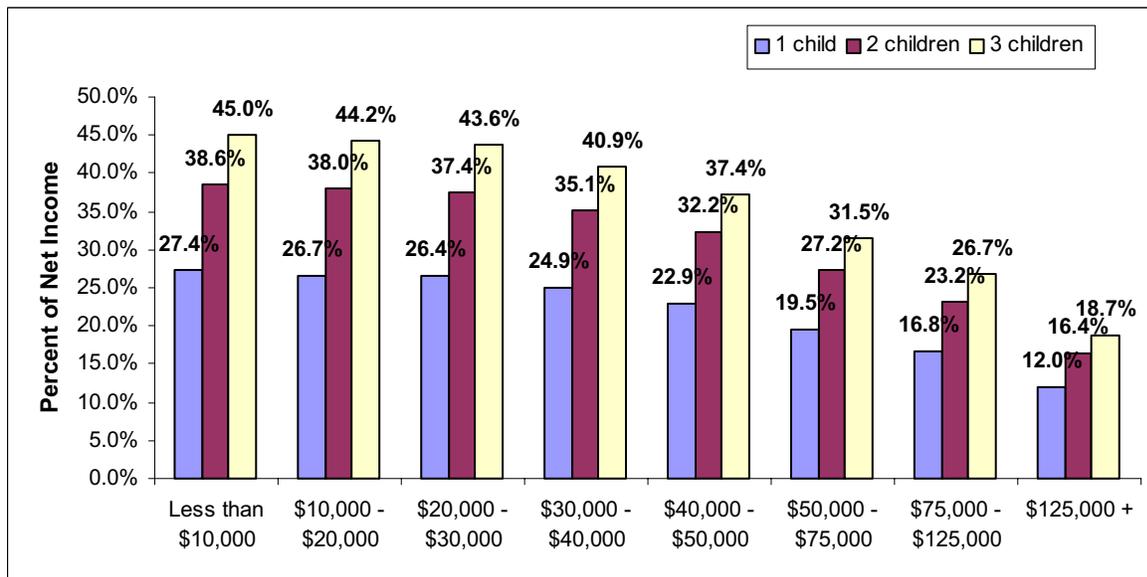
The method used to realign the Rothbarth estimates to account for Alabama's lower income distribution is detailed in Appendix I. The method has been used in Connecticut, a state with an income distribution much higher than the U.S. average, and, South Carolina, a state with an income distribution similar to Alabama's. Essentially, income for an Alabama family that is at the 25th percentile in the income distribution is matched to the equivalent income for a U.S. family at the 25th percentile in the income distribution. Data on expenditures are captured for this U.S. family using the Rothbarth estimates and applied to its Alabama family equivalent. For example, if the U.S. household at the 25th percentile in the income distribution spends 20 percent of its income on child rearing, it is assumed that a Alabama household at the 25th percentile will also spend 20 percent.

The realigned estimates of child-rearing expenditures (Exhibit 4) show that the proportion of net income spent on children in Alabama declines as income increases. Although similar to the national data in Exhibit 3, the Alabama estimates are somewhat less than the national estimates.



Exhibit 4

Proportion of Net Income Spent on Children (based on Betson-Rothbarth Estimates)			
Alabama Net Annual Income (2003 dollars)	Percent of Net Income Spent on...		
	One Child	Two Children	Three Children
Less than \$10,000	27.40%	38.60%	45.00%
\$10,000 - \$15,000	26.75%	38.08%	44.34%
\$15,000 - \$20,000	26.64%	37.85%	44.03%
\$20,000 - \$25,000	26.52%	37.59%	43.82%
\$25,000 - \$30,000	26.36%	37.25%	43.45%
\$30,000 - \$35,000	25.13%	35.40%	41.25%
\$35,000 - \$40,000	24.72%	34.77%	40.48%
\$40,000 - \$45,000	23.05%	32.37%	37.59%
\$45,000 - \$50,000	22.82%	32.04%	37.19%
\$50,000 - \$60,000	20.16%	28.28%	32.80%
\$60,000 - \$75,000	18.76%	26.15%	30.23%
\$75,000 - \$100,000	17.15%	23.74%	27.39%
\$100,000 - \$125,000	15.62%	21.54%	24.75%
\$125,000 - \$150,000	14.43%	19.86%	22.76%
\$150,000 +	10.30%	14.03%	15.90%





## **BUILDING A TABLE OF SUPPORT PROPORTIONS**

There are seven steps in developing a table of support proportions from the Rothbarth estimates of child expenditures. These steps include:

1. Updating the net income brackets for changes in the cost of living since the time the data were collected;
2. Deducting from child expenditures the portion attributable to child care;
3. Deducting from child expenditures the child's portion of medical expenses (i.e., health insurance premiums and extraordinary medical expenses);
4. Calculating the relationship between consumption spending and net income;
5. Computing child expenditures as a proportion of net income;
6. Extending the estimates for one, two, and three-child households to households with four, five, and six children; and
7. Computing marginal proportions between income ranges to avoid notches in support obligations.

### **1. Updating the Net Income Brackets**

The Rothbarth estimates are based on annual Consumer Expenditure Survey (CEX) data from 1996 through 1999 compiled by the Bureau of Labor Statistics. The CEX income data specified in constant 1997 dollars were updated to October 2003 dollars using statistics on changes in the consumer price index (CPI) since the time the data were collected.

### **2. Deducting Costs of Child Care**

The Income Shares model proposed for use in Alabama is meant to be a basic support obligation to which are added the costs of work-related child care and extraordinary medical expenses. The table of support proportions specifically excludes the child's share of expenditures related to these items. Adjustments for these expenditures can be accommodated because the CEX database identifies expenditures for each commodity. To make the adjustment, child care expenses are computed as a proportion of consumption spending and then subtracted from the Rothbarth estimates of child expenditures as a proportion of consumption spending. Child care costs per child ranged from 0.25 percent of consumption spending in households with annual net incomes less than \$10,000 to 1.91 percent of consumption spending in households with annual net incomes above \$150,000.

### **3. Deducting the Child's Share of Unreimbursed Medical Expenses**

The adjustment for unreimbursed medical expenses is similar to the adjustment for child care costs, although not as easily computed since medical expenses are not itemized for each household member. Therefore, to compute an adjustment for medical expenses, we assumed that the child's share of those expenditures was the

same as the child's share of all consumption spending. Once this share was computed and defined as a proportion of consumption, it was subtracted from the Rothbarth estimates of child expenditures as a proportion of consumption spending. The children's share of extraordinary medical expenses in two-child households ranged from 0.73 percent of consumption spending for households with annual net incomes between \$10,000 and \$15,000 to 1.4 percent in households with annual net incomes between \$45,000 and \$50,000.

#### **4. Calculating the Relationship Between Consumption and Net Income**

Net income using CEX data was defined as gross income, less adjustments for federal taxes and social security (FICA) taxes. For all but relatively low income households, net income generally exceeds current consumption spending. The difference takes the form of savings and increases in household net worth (e.g., principal payments on a mortgage). In order to convert expenditures on children as a proportion of consumption spending to child expenditures as a function of net income, the relationship between consumption and net income must be computed. Not surprisingly, that ratio decreases as net income increases. Thus, while current consumption spending consumes all of net income for households with annual net incomes below \$30,000, it represents only about 43 percent of net income for households with annual net incomes in excess of \$150,000.

#### **5. Computing Child Expenditures as a Proportion of Net Income**

Once the previous steps have been completed, the computation of child expenditures as a proportion of net income is straightforward. That is, the costs of child care and extraordinary medical expenses are subtracted from the Rothbarth estimates of child expenditures as a proportion of consumption, and the revised proportions are multiplied by the ratio of consumption to household net income. The resulting proportion relates child expenditures to net income.

#### **6. Extending the Rothbarth Estimates to Larger Household Sizes**

The CEX data do not allow estimates of child expenditures to be developed for households with more than three children because the number of households on which the estimates would be based is too small. In developing the proposed Schedule for this report, we use equivalency scales recommended by the Panel on Poverty and Family Assistance, a panel assembled by the National Research Council to review how poverty is measured and make recommendations for improving those measurements.<sup>12</sup> As part of this investigation, the Panel extensively reviewed equivalency scales; that is, formulas that adjust the costs of living relative to family size. In turn, the Panel recommended a formula, which we use for the purposes of extending the Betson-Rothbarth estimates to four-, five- and six-child households. The formula is displayed and discussed in greater detail in the technical appendix of this report.

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<sup>12</sup>Constance F. Citro and Robert T. Michael, Editors. *Measuring Poverty: A New Approach*, National Academy Press, Washington, D.C. (1995).



## 7. Computing Marginal Proportions Between Income Ranges

The above steps result in a table that relates levels of net income to the proportion of income spent on children in one to six-child households. One further adjustment, however, is needed before the table can be used to prepare a Schedule of Support Obligations that will not result in "notches" in obligation amounts as income increases. That is, the Rothbarth estimates are assumed to apply at the midpoint of each net income range. For net incomes that lie between these midpoints, marginal proportions were computed so that obligations would increase gradually as income increases.

An example will illustrate why this method of smoothing the support Schedule is needed. Assume we have two, two-child households, one earning between \$45,000 and \$50,000 per year (\$3,750 and \$4,167 per month) and the other earning between \$50,000 and \$60,00 per year (\$4,167 and \$5,000 per month). The proportion of net income spent on the two children in the lower income household is estimated to be 26.64 percent. The comparable proportion in the higher income household is estimated to be 23.83 percent. If actual income in the first household were \$4,150, the total support obligation would be \$1,106 monthly ( $\$4,150 \times .2664$ ). If actual income in the second household were \$4,200, the total monthly support obligation would be \$1,001 ( $\$4,200 \times .2383$ ); \$105 less per month than the support obligation in the lower income household. The use of marginal proportions between the midpoints of income ranges eliminates this effect and creates a smooth increase in the total support obligation as household income increases.

### Summary

After this last adjustment, the table of support proportions, shown below in Exhibit 5, can be prepared. (Exhibit 5 is derived from Exhibit 4.) This table of support proportions is analogous to a tax rate schedule. Each net income midpoint in the table is associated with two proportions for each number of children being supported. The first proportion is applied to the income midpoint and the proportion just below it is applied to income between that midpoint and the next highest midpoint. An example best illustrates how this procedure results in a basic support obligation if the net income and the number of children are known.



Exhibit 5

PROPOSED TABLE OF SUPPORT PROPORTIONS						
Monthly Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
416.67	26.49%	37.17%	43.17%	48.13%	52.95%	57.61%
	25.50%	36.33%	42.00%	46.83%	51.51%	56.05%
1,041.67	25.90%	36.67%	42.47%	47.35%	52.09%	56.67%
	23.81%	32.58%	36.55%	40.75%	44.83%	48.77%
1,458.33	25.30%	35.50%	40.78%	45.47%	50.01%	54.42%
	24.32%	33.90%	39.54%	44.08%	48.49%	52.76%
1,875.00	25.08%	35.14%	40.50%	45.16%	49.68%	54.05%
	23.79%	32.61%	37.57%	41.90%	46.08%	50.14%
2,291.67	24.85%	34.68%	39.97%	44.57%	49.02%	53.34%
	14.19%	18.44%	20.18%	22.50%	24.76%	26.93%
2,708.33	23.21%	32.18%	36.93%	41.17%	45.29%	49.27%
	6.95%	7.06%	5.24%	5.85%	6.43%	7.00%
3,125.00	21.04%	28.83%	32.70%	36.46%	40.11%	43.64%
	21.83%	28.41%	30.15%	33.62%	36.98%	40.24%
3,541.67	21.13%	28.78%	32.40%	36.13%	39.74%	43.24%
	6.13%	8.39%	9.53%	10.63%	11.69%	12.72%
3,958.33	19.55%	26.64%	29.99%	33.44%	36.79%	40.03%
	4.76%	6.03%	6.17%	6.88%	7.57%	8.24%
4,583.33	17.54%	23.83%	26.75%	29.82%	32.80%	35.69%
	12.47%	16.22%	17.82%	19.87%	21.85%	23.78%
5,625.00	16.60%	22.42%	25.09%	27.98%	30.78%	33.48%
	11.41%	15.03%	16.98%	18.94%	20.83%	22.66%
7,291.67	15.41%	20.73%	23.24%	25.91%	28.50%	31.01%
	7.61%	9.33%	9.31%	10.38%	11.42%	12.43%
9,375.00	13.68%	18.20%	20.14%	22.46%	24.71%	26.88%
	3.46%	4.11%	3.95%	4.40%	4.84%	5.27%
11,458.33	11.82%	15.63%	17.20%	19.18%	21.09%	22.95%
	5.43%	6.80%	6.98%	7.78%	8.56%	9.31%
20,096.42	9.07%	11.84%	12.81%	14.28%	15.71%	17.09%

Assume that the noncustodial parent has monthly net income of \$1,500 and the custodial parent has \$1,000. The computation of a child support obligation for two children using the information in Exhibit 5 involves the following three basic steps.

Step 1: Add the monthly net incomes of both parents ( $\$1,500 + \$1,000 = \$2,500$ ) and compute their proportionate share of combined income. Custodial parent earns 40 percent of combined net ( $\$1,000/\$2,500$ ), while noncustodial parent's share is 60 percent.



Step 2: Use the combined income from Step 1 to compute a basic support obligation using the proportions in Exhibit 5.

- Find the income midpoint just below the combined net income (i.e., \$2,291.67 per month) and multiply the amount by the proportional support for two children:  $[\$2,291.67 \times .3468] = \$795$ .
- Subtract the midpoint from the combined net income of the parents and multiply by the marginal proportion:  $[(\$2,500 - \$2,291.67) \times .1844] = \$38$ .
- Add the two obligation amounts:  $\$795 + \$38 = \$833$ . This obligation represents the monthly amount estimated to have been spent on the children jointly by the parents if the household had remained intact.

Step 3: Pro-rate the basic support obligation between the parents based on their proportionate shares of net income: (1) noncustodial parent's share is  $\$833 \times .60 = \$500$ , (2) custodial parent's share is  $\$833 \times .40 = \$333$ . The noncustodial parent's computed obligation is payable as child support. The custodial parent's computed obligation is retained and is presumed to be spent directly on the child. This procedure simulates spending patterns in an intact household in which the proportion of income allocated to the children depends on total family income.

## **BUILDING A SCHEDULE OF BASIC CHILD SUPPORT OBLIGATIONS**

The final step involves building a Schedule based on gross income. The child-rearing expenditures shown in Exhibit 5 are expressed as a percentage of net income, so to arrive at a gross income-based schedule, some translation between gross to net income is necessary. In addition, the Schedule is extended to combined monthly gross income of \$20,000 and a self support reserve is incorporated for low-income obligors. The proposed Schedule of Basic Child Support Obligations (gross income version) is displayed in Exhibit 6 attached at the conclusion of this chapter.

### **Converting Net to Gross Income**

The method for converting gross to net income could be made complex by treating earned and unearned income differently and attempting to simulate the tax effects for alternative assumptions about the noncustodial parent's share of income and alternative household circumstances. Such an approach, however, is likely to be cumbersome to administer. The approach used to build the Schedule of Basic Child Support Obligations shown in this report makes the following assumptions to simplify the conversion process:

- ❖ All income is treated as earned income subject to taxes;
- ❖ All income is assumed to be earned by a noncustodial parent with no dependents; and,
- ❖ Only adjustments for federal and state taxes and FICA are considered. For federal taxes, two federal withholdings are assumed. (The employer withholding guide for federal taxes does not separate standard deductions from exemptions, each is considered one withholding.) For state taxes, one personal



exemption and one standard deduction are assumed. Federal tax rate formulas are based on employer withholding effective January 2004.

A table showing these gross to net income conversions is provided in Appendix II.

Obviously, these assumptions ignore situations where not all income is fully taxable (e.g., tax breaks for home mortgages), where both parents have income and claim different numbers of dependents, and where other taxes (e.g., local taxes) further reduce net income. Nevertheless, in modeling the differential tax impacts associated with different family situations including the new child tax credit, we have found that adjustments to account for the actual tax impacts generally serve to increase the total net income available for support, increase the total support obligation, and, except in unusual circumstances (e.g., all income is earned by the custodial parent), increase the noncustodial parent's share of that obligation.

### **Extending the Schedule**

The existing Schedule stops at a combined gross monthly income of \$10,000. The Betson-Rothbarth estimates allow for the proposed Schedule to be extended to a combined gross income of \$20,000 per month, which equivalent to around \$13,000 net.

### **Incorporating a Support Reserve**

Most of the support obligations shown in the Schedule are computed using the table of proportions. Exceptions to this rule are made for low income households. The inclusion of a self-support reserve ensures that obligors have sufficient income to maintain a minimum standard of living. The Alabama Schedule using the Betson-Rothbarth parameters shown in Exhibit 6 includes a reserve of \$748 net per month, which is equivalent to the 2003 poverty guidelines for one person.<sup>13</sup> Below that minimum, a support obligation is not computed based on economic data. The Schedule shown in Exhibit 6 assumes that the order amount is established at the court's discretion below a gross monthly income of \$950. Most states set a minimum order amount at \$50 per month.

For incomes above the self-support reserve, the Schedule incorporates a further adjustment to maintain the self-support reserve for the obligor. That is, the proportions shown in Exhibit 6 are phased in gradually until the point at which the obligor can pay his/her support obligation and have sufficient remaining income to maintain a minimum standard of living. The additional adjustment for low income obligors follows several principles that deserve to be recognized.

- ❖ The support obligation should be less than 100 percent of the difference between the self-support reserve and the obligor's net income so that there is an incentive to work. For example, if the obligor's net earnings are \$900 per month, the income available for support would be \$152 (i.e. \$900 - \$748). If the support obligation is set at \$152 per month, however, there would be no incentive for the obligor to earn more than the self-support reserve because he/she realizes no monetary advantage from the additional

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<sup>13</sup>*Federal Register*, vol. 68, No. 26, February 7, 2003, pp. 6456-6458. Most states using a self support reserve set it near or somewhat below the federal poverty guideline. At least three states set the self support reserve above the federal poverty guideline.



work effort. Thus, the support obligation is set at an amount that is less than 100 percent of the difference. (This computation is explained more fully in Appendix I.)

- ❖ The support obligation should increase as the number of children due support increases. That is, the support obligation for an obligor with four children should be greater than the obligation for an obligor with two children.

Both of these principles are used to phase in the support proportions in Exhibit 6. The shaded area in Exhibit 6 denotes the areas of the schedule where the additional adjustments for low income and the phase-in occur.

The impact of this adjustment is illustrated in the following example. Assume an obligor earns \$893 per month gross (\$781 per month net), equivalent to a 40-hour work week at \$5.15 per hour, and that support is being computed for two children based on that income. Strict application of the Betson-Rothbarth version of the Income Shares model would recommend a support obligation of \$287 per month. The income available for support after subtracting the \$748 self-support reserve would be \$33.

#### **Other Low Income Adjustments**

The low income adjustment is incorporated in the existing and proposed Schedule. Although this approach is used in over half of the Income Shares states, many states have recently modified it to better handle situations where both parents are low income. In some situations where the obligee also has low income, the resulting support amount from the schedule with the self support incorporated in it is more than it would be if the obligee had no income. This anomaly will only occur if obligor is eligible for the self support reserve (i.e., the shaded area of the schedule). It will not occur in the unadjusted area of the schedule (i.e., non-shaded area of the schedule).

To illustrate this anomaly compare two situations where the obligor gross monthly income is \$1,000 in both situations, but the obligee's income equals \$0 in one situation; and, the obligee gross income is \$500 in the second situation. Assuming one child, the obligor's order would be \$105 per month in the first situation and \$212 in the second situation. (The order amount in the second situation is derived from applying the combined income of \$1,500 to the proposed Schedule provided in Exhibit 6, which shows that the basic obligation would be \$318. The obligor's share would be two-thirds of that amount).

As a result of this anomaly, some states have taken additional steps to ensure obligee income does not affect the adjustment for low-income obligors. Generally, these states have adapted one of the two approaches.

- ❖ *Shaded Area of the Schedule.* South Carolina and Connecticut shade the area of the schedule where the self support reserve is applied. If obligor income and the respective number of children fall within the shaded area of the schedule, two child support calculations are made. The first calculates the amount of child support order as normal. The second calculates the amount of child support order using obligor income only and assumes obligee income is zero. The lower of these two amounts is used for the child support order, but it is never set less than the monthly minimum order amount (e.g., \$50 in South Carolina).



- ❖ *Adjustment in the Worksheet.* The adjustment is identical to the approach described above with the shaded area, except the comparison is made in an additional section of the worksheet (i.e. typically called the Ability to Pay Calculation). New Jersey, Vermont and West Virginia use this method. An example is provided in Appendix III along with the first page of a schedule with no self support reserve. States that include the adjustment in the worksheet, do not incorporate the adjustment in the self support reserve.

## OTHER ADJUSTMENTS

The support obligation computed using the Rothbarth parameters is meant to be a basic obligation. To that obligation should be added the costs of other necessary expenditures, such as work-related child care costs and extraordinary medical expenses in excess of \$250 per year per child. As mentioned above, these additional costs of child rearing are not factored into the table of support proportions (Exhibit 6).

**Exhibit 6**

Alabama						
Proposed Schedule of Basic Child Support Obligations						
Combined Adjusted Gross Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
0-850	Monthly Basic Child Support Obligation Established at the Discretion of the Court					
900.00	50	50	50	50	50	50
950.00	70	71	71	72	73	74
1000.00	105	106	107	108	109	111
1050.00	140	141	143	144	146	148
1100.00	175	177	179	181	183	185
1150.00	210	212	215	217	219	222
1200.00	245	248	250	253	256	259
1250.00	274	283	286	289	292	295
1300.00	283	318	322	325	329	332
1350.00	292	353	357	361	364	368
1400.00	301	386	390	395	399	403
1450.00	310	419	424	429	433	438
1500.00	318	448	458	463	467	472
1550.00	327	460	491	497	502	507
1600.00	336	472	525	531	536	542
1650.00	344	484	557	564	571	577
1700.00	353	496	570	598	605	611
1750.00	362	508	584	632	639	646
1800.00	370	520	597	666	674	681
1850.00	379	532	612	682	708	716



Alabama						
Proposed Schedule of Basic Child Support Obligations						
Combined Adjusted Gross Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
1900.00	388	545	626	698	742	750
1950.00	397	557	641	714	777	785
2000.00	406	569	655	730	803	820
2050.00	415	582	669	746	821	854
2100.00	424	594	684	763	839	889
2150.00	433	607	698	779	856	924
2200.00	442	619	713	795	874	951
2250.00	451	631	727	811	892	970
2300.00	459	644	742	827	910	990
2350.00	468	656	756	843	927	1009
2400.00	477	668	770	859	944	1028
2450.00	486	680	784	874	961	1046
2500.00	494	692	797	889	978	1064
2550.00	503	704	811	905	995	1083
2600.00	512	716	825	920	1012	1101
2650.00	520	728	839	935	1029	1119
2700.00	529	740	852	950	1045	1137
2750.00	538	752	866	966	1062	1156
2800.00	547	764	880	981	1079	1174
2850.00	555	775	894	996	1096	1192
2900.00	564	787	907	1012	1113	1211
2950.00	571	797	919	1024	1127	1226
3000.00	577	804	926	1033	1136	1236
3050.00	582	811	933	1041	1145	1246
3100.00	587	817	941	1049	1154	1255
3150.00	591	823	947	1056	1161	1264
3200.00	596	829	953	1063	1169	1272
3250.00	600	835	960	1070	1177	1281
3300.00	605	841	966	1077	1185	1289
3350.00	609	847	973	1084	1193	1298
3400.00	614	852	979	1092	1201	1306
3450.00	618	858	985	1099	1209	1315
3500.00	623	864	992	1106	1217	1324
3550.00	627	870	998	1113	1224	1332
3600.00	630	873	1001	1116	1228	1336
3650.00	632	876	1003	1118	1230	1338



Alabama						
Proposed Schedule of Basic Child Support Obligations						
Combined Adjusted Gross Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
3700.00	635	878	1005	1120	1232	1341
3750.00	637	880	1006	1122	1234	1343
3800.00	639	882	1008	1124	1236	1345
3850.00	641	885	1010	1126	1238	1347
3900.00	643	887	1011	1128	1240	1349
3950.00	646	889	1013	1129	1242	1352
4000.00	648	891	1015	1131	1244	1354
4050.00	650	893	1016	1133	1246	1356
4100.00	652	896	1018	1135	1249	1358
4150.00	654	898	1020	1137	1251	1361
4200.00	657	900	1021	1139	1253	1363
4250.00	662	907	1028	1146	1261	1372
4300.00	669	916	1037	1157	1272	1384
4350.00	676	925	1047	1167	1284	1397
4400.00	683	934	1057	1178	1296	1410
4450.00	690	943	1066	1189	1308	1423
4500.00	697	952	1076	1200	1319	1436
4550.00	703	961	1085	1210	1331	1448
4600.00	710	970	1095	1221	1343	1461
4650.00	717	979	1105	1232	1355	1474
4700.00	724	988	1114	1242	1367	1487
4750.00	731	997	1124	1253	1378	1500
4800.00	738	1006	1133	1264	1390	1512
4850.00	745	1015	1143	1274	1402	1525
4900.00	749	1021	1149	1281	1409	1533
4950.00	751	1023	1152	1285	1413	1537
5000.00	753	1026	1155	1288	1417	1542
5050.00	755	1029	1158	1291	1421	1546
5100.00	757	1031	1161	1295	1424	1550
5150.00	759	1034	1164	1298	1428	1554
5200.00	761	1037	1167	1302	1432	1558
5250.00	763	1039	1170	1305	1435	1562
5300.00	765	1042	1173	1308	1439	1566
5350.00	767	1045	1176	1312	1443	1570
5400.00	769	1047	1179	1315	1447	1574
5450.00	771	1050	1182	1318	1450	1578



Alabama						
Proposed Schedule of Basic Child Support Obligations						
Combined Adjusted Gross Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
5500.00	773	1053	1186	1322	1454	1582
5550.00	775	1055	1188	1325	1457	1585
5600.00	776	1057	1190	1327	1460	1588
5650.00	778	1059	1192	1329	1462	1591
5700.00	779	1061	1194	1331	1464	1593
5750.00	781	1063	1196	1333	1467	1596
5800.00	782	1065	1198	1336	1469	1599
5850.00	784	1067	1200	1338	1472	1601
5900.00	785	1069	1202	1340	1474	1604
5950.00	787	1071	1204	1342	1476	1606
6000.00	788	1072	1206	1344	1479	1609
6050.00	790	1074	1208	1347	1481	1612
6100.00	791	1076	1210	1349	1484	1614
6150.00	793	1078	1212	1351	1486	1617
6200.00	794	1080	1214	1353	1488	1619
6250.00	796	1082	1216	1355	1491	1622
6300.00	797	1084	1217	1357	1493	1625
6350.00	799	1086	1219	1359	1495	1627
6400.00	800	1087	1221	1362	1498	1630
6450.00	802	1089	1223	1364	1500	1632
6500.00	803	1091	1225	1366	1502	1635
6550.00	806	1095	1229	1370	1507	1639
6600.00	809	1099	1234	1376	1513	1647
6650.00	813	1104	1239	1382	1520	1654
6700.00	817	1109	1245	1388	1527	1661
6750.00	821	1114	1250	1394	1533	1668
6800.00	825	1119	1256	1400	1540	1675
6850.00	828	1124	1261	1406	1547	1683
6900.00	832	1129	1266	1412	1553	1690
6950.00	836	1134	1272	1418	1560	1697
7000.00	840	1139	1277	1424	1567	1704
7050.00	843	1144	1283	1430	1573	1712
7100.00	847	1149	1288	1436	1580	1719
7150.00	851	1154	1293	1442	1586	1726
7200.00	855	1159	1299	1448	1593	1733
7250.00	859	1163	1304	1454	1600	1740



Alabama						
Proposed Schedule of Basic Child Support Obligations						
Combined Adjusted Gross Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
7300.00	862	1168	1310	1460	1606	1748
7350.00	866	1174	1315	1467	1613	1755
7400.00	871	1179	1321	1473	1621	1763
7450.00	875	1184	1327	1480	1628	1771
7500.00	879	1190	1333	1487	1635	1779
7550.00	883	1195	1339	1493	1643	1787
7600.00	887	1201	1345	1500	1650	1795
7650.00	891	1206	1351	1507	1657	1803
7700.00	896	1212	1357	1513	1665	1811
7750.00	900	1217	1363	1520	1672	1819
7800.00	904	1222	1369	1527	1679	1827
7850.00	908	1228	1375	1533	1686	1835
7900.00	912	1233	1381	1540	1694	1843
7950.00	916	1239	1387	1546	1701	1851
8000.00	921	1244	1393	1553	1708	1859
8050.00	925	1250	1399	1560	1716	1867
8100.00	929	1255	1405	1566	1723	1875
8150.00	933	1260	1411	1573	1730	1883
8200.00	937	1266	1417	1579	1737	1890
8250.00	941	1271	1422	1586	1744	1898
8300.00	945	1276	1428	1592	1751	1905
8350.00	948	1281	1434	1598	1758	1913
8400.00	952	1286	1439	1605	1765	1921
8450.00	956	1291	1445	1611	1772	1928
8500.00	960	1296	1451	1617	1779	1936
8550.00	964	1301	1456	1624	1786	1943
8600.00	968	1306	1462	1630	1793	1951
8650.00	971	1311	1468	1636	1800	1959
8700.00	975	1316	1473	1643	1807	1966
8750.00	979	1321	1479	1649	1814	1974
8800.00	983	1326	1485	1656	1821	1981
8850.00	987	1331	1490	1662	1828	1989
8900.00	990	1336	1496	1668	1835	1996
8950.00	994	1341	1502	1675	1842	2004
9000.00	998	1346	1508	1681	1849	2012
9050.00	1002	1351	1513	1687	1856	2019



Alabama						
Proposed Schedule of Basic Child Support Obligations						
Combined Adjusted Gross Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
9100.00	1006	1356	1519	1694	1863	2027
9150.00	1010	1361	1525	1700	1870	2034
9200.00	1013	1366	1530	1706	1877	2042
9250.00	1017	1371	1536	1713	1884	2050
9300.00	1021	1376	1542	1719	1891	2057
9350.00	1025	1381	1547	1725	1898	2065
9400.00	1029	1386	1553	1732	1905	2072
9450.00	1032	1391	1559	1738	1912	2080
9500.00	1036	1396	1564	1744	1919	2088
9550.00	1040	1401	1570	1751	1926	2095
9600.00	1044	1406	1576	1757	1933	2103
9650.00	1048	1411	1581	1763	1940	2110
9700.00	1052	1416	1587	1770	1947	2118
9750.00	1055	1421	1593	1776	1954	2125
9800.00	1059	1427	1598	1782	1961	2133
9850.00	1063	1432	1604	1789	1967	2141
9900.00	1067	1437	1610	1795	1974	2148
9950.00	1071	1442	1616	1801	1981	2156
10000.00	1074	1447	1621	1808	1988	2163
10050.00	1078	1452	1627	1814	1995	2171
10100.00	1082	1457	1633	1820	2002	2179
10150.00	1086	1462	1638	1827	2009	2186
10200.00	1090	1467	1644	1833	2016	2194
10250.00	1094	1472	1650	1839	2023	2201
10300.00	1097	1477	1655	1846	2030	2209
10350.00	1101	1482	1661	1852	2037	2217
10400.00	1105	1487	1667	1858	2044	2224
10450.00	1109	1492	1672	1865	2051	2232
10500.00	1113	1497	1678	1871	2058	2239
10550.00	1116	1502	1684	1877	2065	2247
10600.00	1120	1507	1689	1884	2072	2254
10650.00	1124	1512	1695	1890	2079	2262
10700.00	1127	1515	1698	1893	2083	2266
10750.00	1129	1518	1701	1897	2086	2270
10800.00	1132	1521	1704	1900	2090	2274
10850.00	1134	1524	1707	1904	2094	2278



Alabama						
Proposed Schedule of Basic Child Support Obligations						
Combined Adjusted Gross Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
10900.00	1137	1527	1710	1907	2098	2282
10950.00	1139	1531	1714	1911	2102	2287
11000.00	1142	1534	1717	1914	2105	2291
11050.00	1144	1537	1720	1918	2109	2295
11100.00	1147	1540	1723	1921	2113	2299
11150.00	1149	1543	1726	1925	2117	2303
11200.00	1152	1546	1729	1928	2121	2307
11250.00	1155	1549	1732	1931	2125	2312
11300.00	1157	1552	1735	1935	2128	2316
11350.00	1160	1556	1738	1938	2132	2320
11400.00	1162	1559	1742	1942	2136	2324
11450.00	1165	1562	1745	1945	2140	2328
11500.00	1167	1565	1748	1949	2144	2332
11550.00	1170	1568	1751	1952	2148	2337
11600.00	1172	1571	1754	1956	2151	2341
11650.00	1175	1574	1757	1959	2155	2345
11700.00	1178	1577	1760	1963	2159	2349
11750.00	1180	1581	1763	1966	2163	2353
11800.00	1183	1584	1767	1970	2167	2357
11850.00	1185	1587	1770	1973	2171	2362
11900.00	1188	1590	1773	1977	2174	2366
11950.00	1190	1593	1776	1980	2178	2370
12000.00	1193	1596	1779	1984	2182	2374
12050.00	1195	1599	1782	1987	2186	2378
12100.00	1198	1602	1785	1991	2190	2382
12150.00	1200	1606	1788	1994	2193	2386
12200.00	1203	1609	1791	1998	2197	2391
12250.00	1206	1612	1795	2001	2201	2395
12300.00	1208	1615	1798	2004	2205	2399
12350.00	1211	1618	1801	2008	2209	2403
12400.00	1213	1621	1804	2011	2213	2407
12450.00	1216	1624	1807	2015	2216	2411
12500.00	1218	1627	1810	2018	2220	2416
12550.00	1221	1631	1813	2022	2224	2420
12600.00	1223	1634	1816	2025	2228	2424
12650.00	1226	1637	1820	2029	2232	2428



Alabama						
Proposed Schedule of Basic Child Support Obligations						
Combined Adjusted Gross Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
12700.00	1229	1640	1823	2032	2236	2432
12750.00	1231	1643	1826	2036	2239	2436
12800.00	1234	1646	1829	2039	2243	2441
12850.00	1236	1649	1832	2043	2247	2445
12900.00	1239	1652	1835	2046	2251	2449
12950.00	1241	1655	1838	2049	2254	2453
13000.00	1243	1658	1841	2053	2258	2457
13050.00	1246	1661	1844	2056	2262	2461
13100.00	1248	1664	1847	2059	2265	2464
13150.00	1251	1667	1850	2062	2269	2468
13200.00	1253	1670	1853	2066	2272	2472
13250.00	1255	1673	1855	2069	2276	2476
13300.00	1258	1676	1858	2072	2279	2480
13350.00	1260	1679	1861	2075	2283	2484
13400.00	1262	1681	1864	2079	2286	2488
13450.00	1265	1684	1867	2082	2290	2491
13500.00	1267	1687	1870	2085	2293	2495
13550.00	1270	1690	1873	2088	2297	2499
13600.00	1272	1693	1876	2091	2301	2503
13650.00	1274	1696	1879	2095	2304	2507
13700.00	1277	1699	1882	2098	2308	2511
13750.00	1279	1702	1884	2101	2311	2515
13800.00	1281	1705	1887	2104	2315	2518
13850.00	1283	1707	1889	2107	2317	2521
13900.00	1284	1708	1890	2108	2319	2523
13950.00	1285	1709	1892	2109	2320	2524
14000.00	1286	1710	1893	2111	2322	2526
14050.00	1287	1712	1894	2112	2323	2528
14100.00	1288	1713	1895	2113	2325	2529
14150.00	1289	1714	1897	2115	2326	2531
14200.00	1291	1716	1898	2116	2328	2533
14250.00	1292	1717	1899	2117	2329	2534
14300.00	1293	1718	1900	2119	2331	2536
14350.00	1294	1719	1902	2120	2332	2537
14400.00	1295	1721	1903	2122	2334	2539
14450.00	1296	1722	1904	2123	2335	2541



Alabama						
Proposed Schedule of Basic Child Support Obligations						
Combined Adjusted Gross Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
14500.00	1297	1723	1905	2124	2337	2542
14550.00	1298	1724	1906	2126	2338	2544
14600.00	1299	1726	1908	2127	2340	2546
14650.00	1300	1727	1909	2128	2341	2547
14700.00	1301	1728	1910	2130	2343	2549
14750.00	1302	1730	1911	2131	2344	2551
14800.00	1303	1731	1913	2133	2346	2552
14850.00	1305	1732	1914	2134	2347	2554
14900.00	1306	1733	1915	2135	2349	2555
14950.00	1307	1735	1916	2137	2350	2557
15000.00	1308	1736	1917	2138	2352	2559
15050.00	1309	1737	1919	2139	2353	2560
15100.00	1310	1739	1920	2141	2355	2562
15150.00	1311	1740	1921	2142	2356	2564
15200.00	1312	1741	1922	2143	2358	2565
15250.00	1313	1742	1924	2145	2359	2567
15300.00	1314	1744	1925	2146	2361	2569
15350.00	1315	1745	1926	2148	2362	2570
15400.00	1316	1746	1927	2149	2364	2572
15450.00	1317	1747	1929	2150	2365	2573
15500.00	1319	1749	1930	2152	2367	2575
15550.00	1320	1750	1931	2153	2368	2577
15600.00	1321	1751	1932	2154	2370	2578
15650.00	1322	1753	1933	2156	2371	2580
15700.00	1323	1754	1935	2157	2373	2582
15750.00	1324	1755	1936	2159	2374	2583
15800.00	1325	1756	1937	2160	2376	2585
15850.00	1326	1758	1938	2161	2377	2587
15900.00	1327	1759	1940	2163	2379	2588
15950.00	1328	1760	1941	2164	2380	2590
16000.00	1329	1762	1942	2165	2382	2591
16050.00	1330	1763	1943	2167	2383	2593
16100.00	1331	1764	1944	2168	2385	2595
16150.00	1332	1765	1946	2169	2386	2596
16200.00	1334	1767	1947	2171	2388	2598
16250.00	1335	1768	1948	2172	2389	2600



Alabama						
Proposed Schedule of Basic Child Support Obligations						
Combined Adjusted Gross Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
16300.00	1336	1769	1949	2174	2391	2601
16350.00	1337	1770	1951	2175	2392	2603
16400.00	1338	1772	1952	2176	2394	2605
16450.00	1339	1773	1953	2178	2395	2606
16500.00	1340	1774	1954	2179	2397	2608
16550.00	1341	1776	1956	2180	2398	2609
16600.00	1342	1777	1957	2182	2400	2611
16650.00	1343	1778	1958	2183	2401	2613
16700.00	1344	1779	1959	2185	2403	2614
16750.00	1345	1781	1960	2186	2404	2616
16800.00	1346	1782	1962	2187	2406	2618
16850.00	1348	1783	1963	2189	2407	2619
16900.00	1349	1784	1964	2190	2409	2621
16950.00	1350	1786	1965	2191	2410	2623
17000.00	1351	1787	1967	2193	2412	2624
17050.00	1352	1788	1968	2194	2413	2626
17100.00	1353	1790	1969	2195	2415	2628
17150.00	1354	1791	1970	2197	2416	2629
17200.00	1355	1793	1972	2199	2419	2632
17250.00	1357	1795	1974	2201	2421	2634
17300.00	1359	1797	1976	2204	2424	2637
17350.00	1361	1799	1979	2206	2427	2640
17400.00	1362	1801	1981	2208	2429	2643
17450.00	1364	1803	1983	2211	2432	2646
17500.00	1366	1805	1985	2213	2435	2649
17550.00	1367	1807	1987	2216	2437	2652
17600.00	1369	1810	1989	2218	2440	2655
17650.00	1371	1812	1992	2221	2443	2658
17700.00	1372	1814	1994	2223	2445	2660
17750.00	1374	1816	1996	2225	2448	2663
17800.00	1376	1818	1998	2228	2451	2666
17850.00	1377	1820	2000	2230	2453	2669
17900.00	1379	1822	2002	2233	2456	2672
17950.00	1381	1824	2005	2235	2459	2675
18000.00	1382	1826	2007	2238	2461	2678
18050.00	1384	1829	2009	2240	2464	2681



Alabama						
Proposed Schedule of Basic Child Support Obligations						
Combined Adjusted Gross Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
18100.00	1386	1831	2011	2242	2467	2684
18150.00	1388	1833	2013	2245	2469	2687
18200.00	1389	1835	2015	2247	2472	2689
18250.00	1391	1837	2018	2250	2475	2692
18300.00	1393	1839	2020	2252	2477	2695
18350.00	1394	1841	2022	2254	2480	2698
18400.00	1396	1843	2024	2257	2483	2701
18450.00	1398	1846	2026	2259	2485	2704
18500.00	1399	1848	2028	2262	2488	2707
18550.00	1401	1850	2031	2264	2491	2710
18600.00	1403	1852	2033	2267	2493	2713
18650.00	1404	1854	2035	2269	2496	2716
18700.00	1406	1856	2037	2271	2499	2718
18750.00	1408	1858	2039	2274	2501	2721
18800.00	1410	1860	2041	2276	2504	2724
18850.00	1411	1862	2044	2279	2507	2727
18900.00	1413	1865	2046	2281	2509	2730
18950.00	1415	1867	2048	2284	2512	2733
19000.00	1416	1869	2050	2286	2515	2736
19050.00	1418	1871	2052	2288	2517	2739
19100.00	1420	1873	2055	2291	2520	2742
19150.00	1421	1875	2057	2293	2523	2744
19200.00	1423	1877	2059	2296	2525	2747
19250.00	1425	1879	2061	2298	2528	2750
19300.00	1426	1881	2063	2300	2530	2753
19350.00	1428	1884	2065	2303	2533	2756
19400.00	1430	1886	2068	2305	2536	2759
19450.00	1431	1888	2070	2308	2538	2762
19500.00	1433	1890	2072	2310	2541	2765
19550.00	1435	1892	2074	2313	2544	2768
19600.00	1437	1894	2076	2315	2546	2771
19650.00	1438	1896	2078	2317	2549	2773
19700.00	1440	1898	2081	2320	2552	2776
19750.00	1442	1901	2083	2322	2554	2779
19800.00	1443	1903	2085	2325	2557	2782
19850.00	1445	1905	2087	2327	2560	2785



Alabama						
Proposed Schedule of Basic Child Support Obligations						
Combined Adjusted Gross Income	One Child	Two Children	Three Children	Four Children	Five Children	Six Children
19900.00	1447	1907	2089	2329	2562	2788
19950.00	1448	1909	2091	2332	2565	2791
20000.00	1450	1911	2094	2334	2568	2794



## Chapter IV

# Summary of Key Assumptions

The design of the Schedule of Basic Child Support Obligations is based on a number of key economic decisions and assumptions that are documented throughout the text of the report and the technical appendix. In this chapter, we have highlighted the design assumptions that may be the most significant for application of the guidelines to individual cases.

**(1) Guidelines based on net income, then converted to gross income.** These guidelines are designed to provide child support as a specified proportion of an obligor's net income. As discussed in Chapter III, a table of child support proportions based on obligor net income is developed before converting the tables to gross income. The tables are converted to gross income for three reasons:

- ❖ Use of gross income greatly simplifies use of the child support guidelines because it obviates the need for a complex gross to net calculation in individual cases;
- ❖ Use of gross income can be more equitable because it avoids non-comparable deductions that may arise in making the gross to net calculation in individual cases; and
- ❖ Use of gross income does not cause child support to be increased when an obligor acquires additional dependents, claims more exemptions, and therefore has a higher net income for a given level of gross income.

In converting the schedule to a gross income base, we have assumed that the obligor claims one exemption (for filing, two for withholding) and the standard deduction. This is the most favorable assumption that can be made concerning an obligor's filing status. Obligor's with more than one exemption, or with itemized deductions, would have a slightly higher obligation under an equivalent net income guideline.

**(2) Tax exemptions for child(ren) due support.** The Schedule presumes that the noncustodial parent does not claim the tax exemptions for the child(ren) due support. In computing federal tax obligations, the custodial parent is entitled to claim the tax exemption(s) for any divorce occurring after 1984, unless the custodial parent signs over the exemption(s) to the noncustodial parent each year. Given this provision, the most realistic presumption for development of the Schedule is that the custodial parent claims the exemption(s) for the child(ren) due child support.

**(3) Income assumed to be taxable.** Because the Schedule has withholding tables built into it, the design assumes that all income of both parents is taxable.



**(4) Schedule does not include expenditures on child care, extraordinary medical, and children's share of health insurance costs.** The Schedule is based on economic data that represent estimates of total expenditures on child-rearing costs up to age 18. The major categories of expenditures include food, housing, home furnishings, utilities, transportation, clothing, education, and recreation. Excluded from these figures are average expenditures for child care, children's extraordinary medical care, and the children's share of health insurance. These costs are deducted from the base amounts used to establish the Schedule because they are added to child support obligations as actually incurred in individual cases. Deducting these expenditures from the base amounts avoids double-counting them in the child support calculation.

**(5) Schedule includes expenditures on ordinary medical care.** Although expenditures for the children's extraordinary medical care and the children's share of health insurance are to be added to the child support obligation as actually incurred in individual cases, it is assumed that parents will make some expenditures on behalf of the children's ordinary medical care (i.e., out-of-pocket expenses not covered by insurance such as over-the-counter medicines and co-pays for well check-ups). The Schedule amounts in this report are based on the assumption that expenditures on ordinary medical care are \$250 per year per child.

**(6) Schedule is based on average expenditures on children 0 - 17 years.** Child-rearing expenditures are averaged for children across the entire age range of 0 - 17 years. Expenditures may be higher for teen-aged children, and lower for pre-teen children. For various technical reasons, Betson was unable to provide reliable estimates on child-rearing expenditures for teen-aged children. Based on estimates provided by Espenshade, however, the relative cost associated with children aged 12 to 17 is 1.146 above the average. The new measurements of child-rearing costs, however, do not find a statistically significant difference in child-rearing costs between younger and older children.

**(7) Visitation costs are not factored into the schedule.** Since the Schedule is based on expenditures for children in intact households, there is no consideration given for visitation costs. Taking such costs into account would be further complicated by the variability in actual visitation patterns and the duplicative nature of many costs incurred for visitation (e.g. housing, home furnishings).

**(8) Self support reserve.** Incorporated into the Schedule is a "self support reserve" for obligors. This concept allows low-income obligors to retain enough income after payment of taxes and child support to maintain at least a subsistence level of living (i.e., the self support reserve.) The self support reserve is set at the federal poverty guidelines for one person.



## **Chapter V**

# **Comparison of Existing and Proposed Schedules**

This chapter discusses the differences between the existing and proposed Alabama Schedule of Basic Child Support Obligations. As is evident in comparisons of the two schedules, most areas of the proposed Schedule are greater than the existing Schedule, but some are less, and still other areas are almost equal. The differences and the variation of the change result from the numerous factors considered in developing the schedule. The most important sources of variation come from the following:

- ♦ Use of new estimates of child-rearing expenditures including the table deductions for average child care and children's health costs;
- ♦ Changes in the price level;
- ♦ Updating the self support reserve in the schedule; and
- ♦ Incorporating revisions in personal income tax rates (i.e., state and federal taxes and FICA).

### **CHANGES IN THE ESTIMATES OF CHILD-REARING EXPENDITURES**

The proposed Schedule is based on evidence on child-rearing expenditures from a data set (the CEX) tracking families from 1996-1999 realigned for Alabama's relatively low income. The existing Schedule is based on evidence dating back to 1972-73, realigned for Alabama's lower income structure. The impact of changes in the evidence on child-rearing expenditures on the changes in the Schedules is not uniform throughout the Schedule. In some parts of the proposed Schedule, they result in little change; in other parts of the proposed Schedule, they result in increases; and, in still other parts of the Schedule they result in decreases. In order to understand these changes, they are broken down into three areas.

1. Changes in the child's medical expenses and child care expenses that are excluded from the Schedule.
2. Changes resulting from differences in the measurement of child-rearing expenditures.
3. Changes that vary according to the number of children.

### **Changes in Medical Expenses and Child Care Costs**

The child's medical expenses and child care costs are excluded from the proposed Schedule because the actual amounts for these expenditures are considered in the child support calculation on a case-by-case basis. In most Income Shares states such as Alabama, these additional child-rearing expenses are prorated between the parents and added to base support. The percentage of child-rearing expenditures devoted to the child's medical expenses and child care costs has increased, hence a larger amount is being subtracted for these expenditures to arrive at the proposed Schedule. This would lower the amounts from the existing to the



proposed Schedule assuming that the percentage of total family expenditures devoted to child-rearing expenditures is constant.<sup>14</sup>

The proposed Schedule includes ordinary medical expenses of \$250 per year per child. The increase reflects increasing out-of-pocket medical expenses over time. It also means that the defined threshold for extraordinary medical expenses should be increased to \$250 per year per child if the proposed Schedule is adopted.

### **Differences in Measurements of Child-Rearing Expenditures**

As discussed in great detail in Chapter II, Dr. Betson's estimates of child-rearing expenditures using the Rothbarth methodology are considered the most valid of recent economic estimates, so they are used to develop the proposed Schedule. The existing schedule is based on estimates developed by Dr. Espenshade using the Engel methodology. As discussed in Chapter II, the Rothbarth estimator is believed to understate actual child-rearing costs and the Engel estimator is believed to overstate actual child-rearing costs. Consequentially, the change in estimation methodology contributes to the lowering of basic obligation.<sup>15</sup> Yet, as seen later, in part, this is offset by changes in price levels and decreases in the effective tax rate.

The differences between the Espenshade-Engel and Betson-Rothbarth estimates are not consistent between income ranges. The gap appears to widen as income increases. Yet, it is impossible to compare income ranges between the two time periods because income growth has generally outpaced inflation. In other words, even after adjusting for inflation, what was considered high income in 1972, the first year in which data were collected for the Espenshade-Engel measurements, may not be considered high income in 1999, the last year in which data were collected for the Betson-Rothbarth measurements. Other issues that affect the composition of current household consumption, such as changes in mortgage interest rates in the past 20 years, also tend to have effects that vary in magnitude according to income ranges.

### **Changes that Vary According to the Number of Children**

There is some evidence to suggest that the observed decrease in child-rearing expenditures for three children over time is statistically significant. Dr. Betson finds a statistically significant decrease in the percent of total family expenditures devoted to child-rearing expenditures in three-children families using the Engel estimator from 1980-86 to 1996-99, however, he does not find a statistical difference in the Rothbarth estimators from the same time period. Nonetheless, it is plausible and consistent with other observed trends such as decreases in the proportion of child-rearing expenditures devoted to food and clothing that would make the marginal costs of a third child less.

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<sup>14</sup>The impact of increases in child care costs and the child's medical expenses on expenditures could also affect the amount of total child-rearing expenditures and family expenditures in general. The impact of increasing child care costs on other child-rearing expenditures is also affected by increases in the number of mothers working outside the home.

<sup>15</sup> The State could also update its schedule using the Betson-Engel estimates. As discussed in Chapter II, Dr. Betson also applied the Engel methodology to 1996-99 data. Also, shown in Chapter II, these amounts are much higher than the Espenshade-Engel measurements. Coupled with changes in price levels and tax rates, they would result in significantly large increases to the schedule.



Further, the new equivalency scales, which have been developed by a national panel after extensive analysis, used to convert child-rearing expenditures for three children to amounts for four, five and six children in the proposed Schedule are somewhat less than those used in the existing Schedule.

## CHANGES IN THE PRICE LEVEL

The amount of dollars it took in the year the existing schedule was developed (1987) to purchase goods does not have the same amount of purchase power that it does today. In fact, it takes 63 percent more than it did in 1987 to make the same amount of purchases in 2004. This is calculated using changes in the consumer price level as measured by the U.S. Bureau of Labor Statistics (BLS) and assumes no significant changes due to changes in income over time.

If the Schedule were only updated for increases in price levels since 1987, the income brackets used in the 1987 table of support proportions (see Exhibit 4 for the proposed table of support proportions) would also be updated for increases in the price levels. The result of this is if both of the parents' incomes increased by 63 percent then the child support order would also increase by 63 percent.

Nonetheless, there are at least two major limitations with increasing the Schedule for prices alone and without consideration of other economic factors.

1. *It assumes that income increased at the same pace as price levels increased.* Yet, median family income grew more than the change in price levels since the existing Schedule was developed.<sup>16</sup> This causes changes in what families consume that would likely alter the proportion of expenditures devoted to child rearing.
2. *It assumes there are no substitutions between economic goods that had larger price increases (e.g., medical expenditures) and other economic goods that did not increase as much in price (e.g., clothing).* Economic evidence indicates that prices for apparel increased by about 7 percent from 1988 to 2002, whereas medical care prices increased by 106 percent over the same period.<sup>17</sup> Since changes in relative price levels change the combination of goods purchased by families and households, economists constantly monitor consumption patterns to detect these changes. In fact, this is one of the primary purposes of the weekly and quarterly Consumers Expenditures Surveys (CEX) conducted by the Bureau of Labor Statistics. The CEX is the same data used to calculate child-rearing expenditures.

These two limitations can be addressed by examining more current data on families and their incomes and expenditures. The magnitude of these problems is compounded because although the existing Schedule was developed in 1987, it used incomes and expenditures patterns collected from 1972-1973 households. In other words, the existing Schedule assumes that increases in income from 1972 to 1987 kept pace with increases in the price level over the same time period and the combination of economic goods purchased by a family in 1972 is the same combination used in 1987 and today.

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<sup>16</sup>Median family income grew from \$47,021 in 1988, to \$51,680 per year in 2002 in real dollars. Council of Economic Advisors (2002), *Economic Report of the President*, United States Government Printing Office, Washington, D.C. Table B-33.

<sup>17</sup>Ibid. Calculated from Table B-60.



## SELF SUPPORT RESERVE

The existing and proposed Schedules incorporate a self support reserve for low income obligors. The self support reserve allows the obligor to maintain a subsistence level of living after payment of taxes and child support. The existing Schedule incorporates a self support reserve of \$447 net per month, equivalent to the 1986 poverty guidelines for a single person. The proposed Schedule incorporates a self support reserve of \$748 net per month, which is equal to the 2003 federal poverty guideline for one person.

Exhibit 7 compares support obligations for two-child households under the two Schedules for selected levels of monthly gross income. Obviously, the higher reserve amount, combined with the method used to phase in the support proportions shown in Exhibit 6 in Chapter III, results in substantial differences between the existing and proposed Schedules at low levels of income. For example, obligations under the proposed Schedule are lower than the existing Schedule for two children up to monthly gross income of \$1,300 per month. Above that amount, the self support reserve is phased out and obligations are higher under the proposed Schedule.

Exhibit 7

Comparison of Existing and Proposed Schedules for Low Incomes		
Monthly Gross Income	Existing Alabama Schedule	Proposed Alabama Schedule
\$900	\$259	Court Discretion
\$1,000	\$290	\$106
\$1,100	\$312	\$177
\$1,200	\$334	\$248
\$1,300	\$356	\$318
\$1,400	\$378	\$386
\$1,500	\$399	\$448

## REVISIONS IN PERSONAL INCOME TAX RATES

Exhibit 8 displays changes in the personal income tax burden between 1987 and 2004 for various levels of monthly gross income. (A net-to-gross conversion table, which considers state and federal taxes and FICA, is shown in Appendix II.) In general, the effective personal income tax rate is less now (2004) than the rate in effect at the time the schedule was adopted (1987). Most of the decrease results in changes in the federal personal income tax rates, which were reformed in 2001 and again in May 2003. Alabama's state tax has increased slightly since 1987. There have also been changes in FICA due to the small increase in the income cap for social security taxes.



## Exhibit 8

Changes in Federal and State Taxes and FICA from 1987 to 2004								
Monthly Gross Income	1987				2004			
	Federal Tax <sup>1</sup>	FICA <sup>2</sup>	State Tax <sup>3</sup>	Total	Federal Tax <sup>1</sup>	FICA <sup>4</sup>	State Tax <sup>3</sup>	Total
\$ 1,000	\$89	\$72	\$26	\$187	\$26	\$77	\$33	\$136
\$ 2,000	\$268	\$143	\$67	\$478	\$160	\$153	\$76	\$389
\$ 3,000	\$575	\$215	\$103	\$893	\$310	\$229	\$119	\$658
\$ 4,000	\$925	\$261	\$136	\$1,322	\$552	\$306	\$157	\$1,014
\$ 6,000	\$1,665	\$261	\$199	\$2,125	\$1,052	\$459	\$232	\$1,742
\$ 8,000	\$2,467	\$261	\$413	\$3,141	\$1,605	\$570	\$304	\$2,479
\$10,000	\$3,205	\$261	\$321	\$3,787	\$2,165	\$599	\$376	\$3,140

<sup>1</sup>The assumptions used to compute federal taxes were (1) two withholding allowances; and (2) all income earned by a single person.

<sup>2</sup>FICA rates in 1987: 7.15 percent up to gross monthly income of \$3,650.

<sup>3</sup>One personal exemption and one standard deduction were used for both years.

<sup>4</sup>FICA rates in 2004: 7.65 percent up to gross annual income of \$7,325, plus 1.45 percent of gross annual incomes above \$7,325.

## COMPARISON OF EXISTING AND ALTERNATIVE SUPPORT SCHEDULES

This section compares Alabama's existing support Schedule against the updated proposed Schedule. Additional comparisons are provided in Appendices IV and V (Appendix IV shows examples for one and three-child cases and Appendix V provides a side-by-side comparison of the existing and proposed Schedules.) This is done first by graphically comparing support obligations as a proportion of obligor gross income throughout a range of incomes and under different assumptions about the obligee's income. There are two sets of graphs, the first considers one, two and three children. The second set considers a range of obligee incomes. Finally, support obligations are computed from the two Schedules for selected case scenarios: low income, middle income, and high income cases.

### Graphical Comparison of 1, 2 and 3 Children

Exhibits 9, 10 and 11 display levels of support obligations as percentages of obligor monthly gross income across a range of incomes from \$800 to \$6,000. In these scenarios, obligee income is assumed to be zero. It is also useful to note that these comparisons assume there are no additional expenses, such as child care costs or children's extraordinary medical expenses.

In reading the figures, one important consideration is that the x-axis is not an interval level scale. That is, although support is shown as a proportion of gross income for each \$100 increase in income through \$2,500 per month, the scale changes to \$500 income increases through the remainder of the income range. As a result, the fairly rapid descent of the curves after \$2,000 per month is an artifact of the income scale used in the figures. The actual curves would decline much more slowly if \$100 income increments had been used



throughout the income range. Obligations calculated using the low income adjustment discussed in Chapter III are shaded in the comparisons.

It should also be noted that the new measurements of child-rearing costs permit the Schedule to cover higher incomes. The existing Schedule stops at combined gross incomes of \$10,000 per month; whereas, the proposed Schedule stops at combined gross incomes of \$20,000 per month.

**Exhibit 9: One Child, Obligee Income = \$0**

For incomes below \$1,200 per month, the increased self support reserve results in obligations that are lower under the proposed Schedule. Once the self support reserve phases out, obligations under the proposed Schedule are higher than the existing Schedule. The increase occurs as a result of several of the factors discussed above, namely, the difference in child-rearing estimates, changes in personal income taxes and increases in the price level.

**Exhibit 10: Two Children, Obligee Income = \$0**

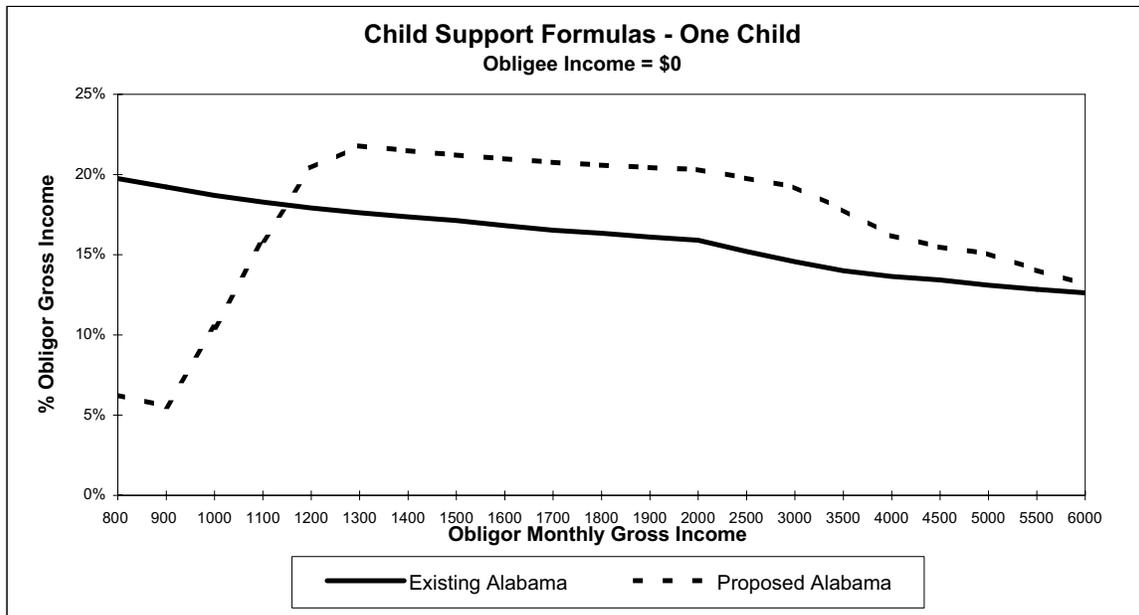
In this scenario, the self support reserve is applied in the proposed Schedule up to obligor gross income of \$1,400 per month. As was true for one child in Exhibit 9, the obligations under the proposed Schedule are lower in this range as a result of the increased self support reserve built into the Schedule. For obligor incomes ranging from \$1,500 to \$5,000 per month, obligations under the proposed Schedule are higher than the existing Schedule. Above \$5,000 per month, the existing Schedule yields lower obligations, consistent with the new measurements of child-rearing expenditures.

**Exhibit 11: Three Children, Obligee Income = \$0**

The patterns evident in Exhibit 10 for two children are also evident in Exhibit 11 for three children. At incomes of \$1,600 or less, the self support reserve is applied to the proposed Schedule, so obligations are lower than under the existing Schedule. Between obligor income of \$1,700 and \$3,500, obligations under both Schedules track relatively closely, with the proposed Schedule yielding slightly higher obligations. Above obligor income of \$3,500, obligations under the proposed Schedule are lower. Again, this is a result of the factors discussed above, namely the new economic evidence on child-rearing costs, which shows a steeper decline at higher incomes, especially for three children.



Exhibit 9

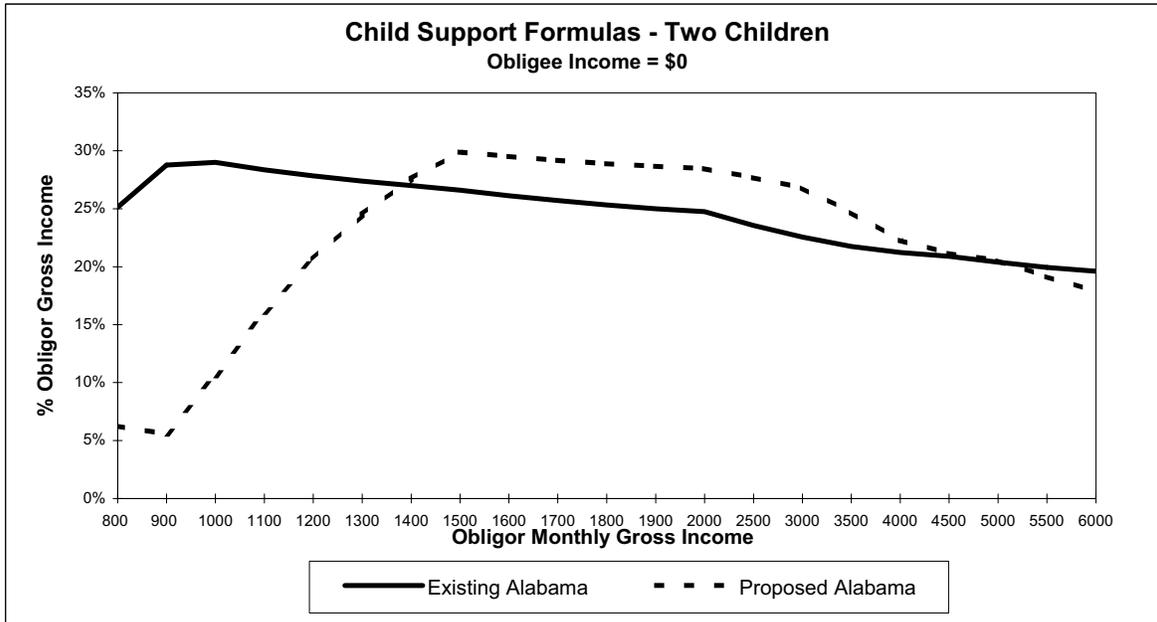


**CHILD SUPPORT FORMULAS - ONE CHILD**  
Obligee Income = \$0

Support Due (\$\$ per month)			% of Obligor's Gross Income		
Obligor's Gross Monthly Income	Existing Alabama	Proposed Alabama	Obligor's Gross Monthly Income	Existing Alabama	Proposed Alabama
800	158	50	800	20%	6%
900	173	50	900	19%	6%
1000	187	105	1000	19%	10%
1100	201	175	1100	18%	16%
1200	215	245	1200	18%	20%
1300	229	283	1300	18%	22%
1400	243	301	1400	17%	21%
1500	257	318	1500	17%	21%
1600	269	336	1600	17%	21%
1700	281	353	1700	17%	21%
1800	294	370	1800	16%	21%
1900	306	388	1900	16%	20%
2000	318	406	2000	16%	20%
2500	380	494	2500	15%	20%
3000	437	577	3000	15%	19%
3500	490	623	3500	14%	18%
4000	546	648	4000	14%	16%
4500	604	697	4500	13%	15%
5000	655	753	5000	13%	15%
5500	706	773	5500	13%	14%
6000	757	788	6000	13%	13%



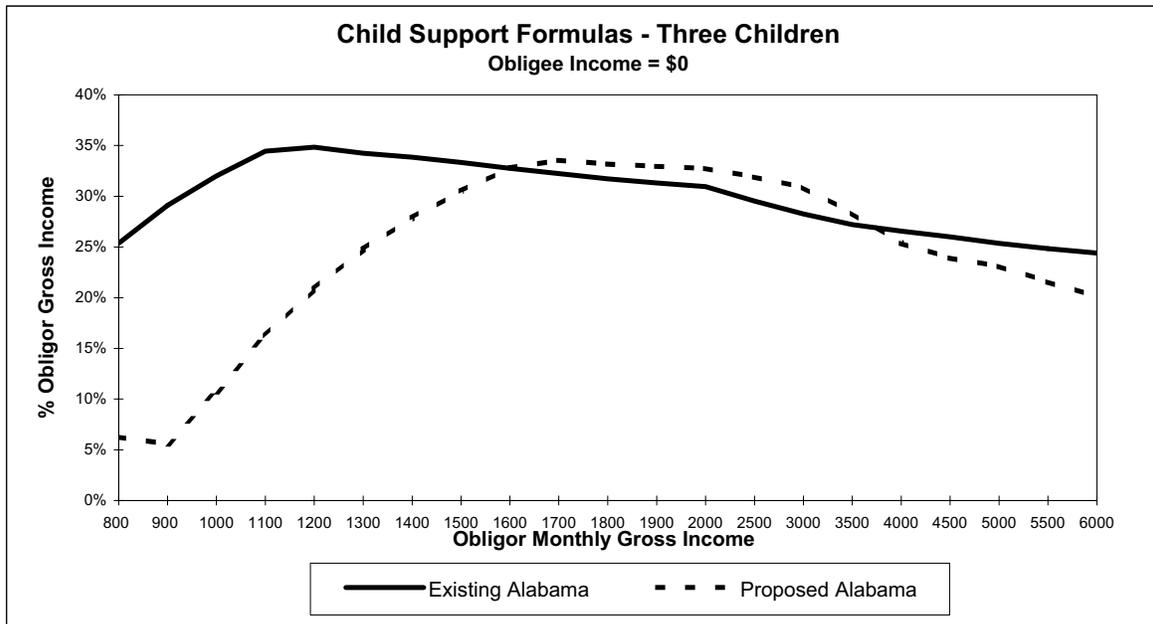
**Exhibit 10**



<b>CHILD SUPPORT FORMULAS - TWO CHILDREN</b>					
<b>Obligee Income = \$0</b>					
Support Due (\$\$ per month)			% of Obligor's Gross Income		
Obligor's Gross Monthly Income	Existing Alabama	Proposed Alabama	Obligor's Gross Monthly Income	Existing Alabama	Proposed Alabama
800	201	50	800	25%	6%
900	259	50	900	29%	6%
1000	290	106	1000	29%	11%
1100	312	177	1100	28%	16%
1200	334	248	1200	28%	21%
1300	356	318	1300	27%	24%
1400	378	386	1400	27%	28%
1500	399	448	1500	27%	30%
1600	418	472	1600	26%	30%
1700	437	496	1700	26%	29%
1800	456	520	1800	25%	29%
1900	475	545	1900	25%	29%
2000	495	569	2000	25%	28%
2500	589	692	2500	24%	28%
3000	677	804	3000	23%	27%
3500	761	864	3500	22%	25%
4000	849	891	4000	21%	22%
4500	940	952	4500	21%	21%
5000	1019	1026	5000	20%	21%
5500	1097	1053	5500	20%	19%
6000	1176	1072	6000	20%	18%



**Exhibit 11**



<b>CHILD SUPPORT FORMULAS - THREE CHILDREN</b>					
<b>Obligee Income = \$0</b>					
Support Due (\$\$ per month)			% of Obligor's Gross Income		
Obligor's Gross Monthly Income	Existing Alabama	Proposed Alabama	Obligor's Gross Monthly Income	Existing Alabama	Proposed Alabama
800	203	50	800	25%	6%
900	262	50	900	29%	6%
1000	320	107	1000	32%	11%
1100	379	179	1100	34%	16%
1200	418	250	1200	35%	21%
1300	445	322	1300	34%	25%
1400	474	390	1400	34%	28%
1500	500	458	1500	33%	31%
1600	524	525	1600	33%	33%
1700	548	570	1700	32%	34%
1800	571	597	1800	32%	33%
1900	595	626	1900	31%	33%
2000	619	655	2000	31%	33%
2500	738	797	2500	30%	32%
3000	848	926	3000	28%	31%
3500	952	992	3500	27%	28%
4000	1063	1015	4000	27%	25%
4500	1170	1076	4500	26%	24%
5000	1268	1155	5000	25%	23%
5500	1366	1186	5500	25%	22%
6000	1464	1206	6000	24%	20%



## Graphical Comparisons Assuming Obligee Has Income

Since the relationship between the support Schedules shifts across the income spectrum and with different ratios of obligor and obligee gross income, a comparison between the existing and proposed Schedules under different assumptions about obligee income is in order. Although we have no empirical data from Alabama that defines the relative income ratios of obligors and obligees, we use three alternatives:

- obligee income equals half of obligor income;
- obligee income equals obligor income; and
- obligee income equals 150 percent of obligor income.

To illustrate the impact of obligee income, we discuss situations where there are two children. Comparisons with one and three children are presented in Appendix IV.

### Exhibit 12: Two Children, Obligee Income = 50% of Obligor Income

In Exhibit 12, we assume the obligee has income equivalent to half of obligor income. So, if obligor gross income is \$2,000 per month, obligee gross income is \$1,000 per month. As in Exhibit 10, when the self support reserve is applied, the higher self support reserve in the proposed Schedule results in lower obligations than the existing Schedule. Once the self support reserve is phased out, obligations under the proposed Schedule are higher up to obligor income of \$3,000 per month (combined income of \$4,500 per month). At obligor incomes above \$3,000, obligations under the proposed Schedule are slightly less than those under the existing Schedule.

In comparing obligations in Exhibit 12 to Exhibit 10; that is, the situation when the obligee has income to that of when the obligee does not have income, obligations are less when the obligee has income as long as the self support reserve is not applied. For example, the support obligation as a proportion of obligor income under the proposed Schedule if obligor income is \$2,000 per month is 27 percent when the obligee has income (\$1,000 per month, which is 50 percent of obligor's income) and 28 percent when the obligee has no income (see Exhibit 10). This occurs because the obligee now has income and shares in the financial responsibility of the children.

### Exhibit 13: Obligee Income = Obligor Income

In this scenario, we assume that the obligee and obligor have the same level of income. So, if obligor income is \$3,000 per month, the obligee also has \$3,000 per month in gross income. As in Exhibits 10 and 12, the self support reserve is applied below obligor income of \$1,400 per month. The proposed Schedule tracks slightly higher than the existing Schedule for obligor incomes of \$1,400 to \$2,500 per month. For the rest of the income range (\$3,000 and above), the proposed Schedule results in lower support obligations. The existing Alabama Schedule stops at combined gross income of \$10,000 per month. As a result, the obligations for the existing Schedule stop at obligor income of \$5,000 per month (combined gross income of \$10,000 per month).

In comparing obligations in Exhibit 13 to Exhibit 12, obligations are lower in Exhibit 13 because the obligee now shares half (50 percent) of the financial responsibility of the children. For example, the support obligation as a proportion of obligor income under the proposed Schedule if obligor income is \$2,000 per



month is 22 percent when the obligee has income equal to the obligor (\$2,000 per month) and 27 percent when the obligee has half the income of the obligor (\$1,000 per month).

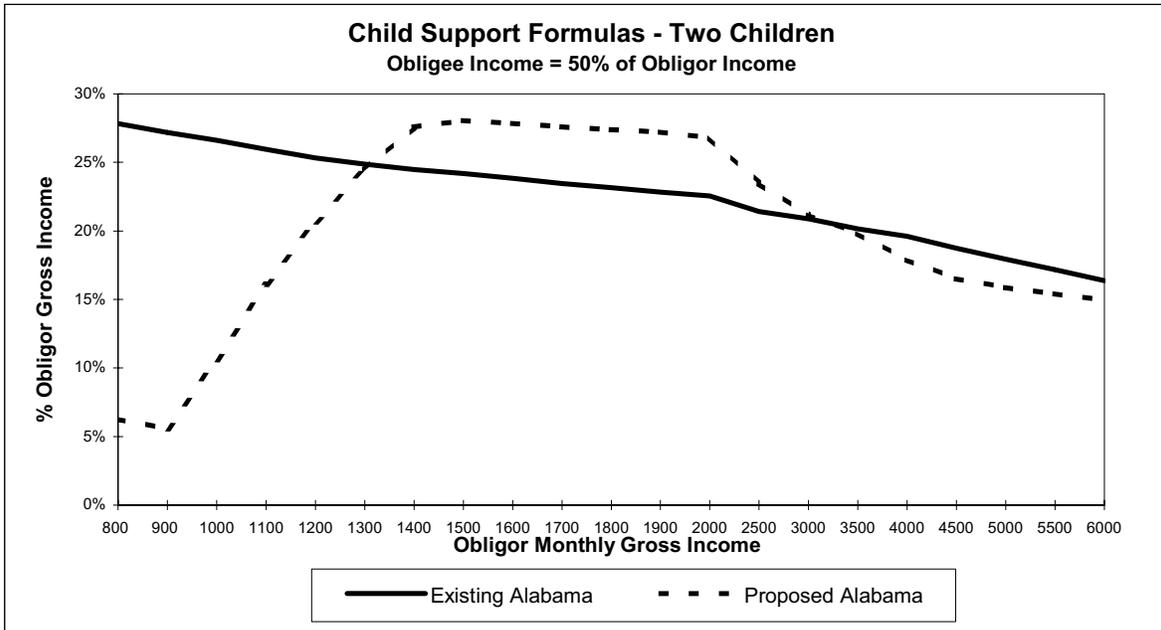
**Exhibit 14: Oblige Income = 150 % of Obligor Income**

In this final scenario, we assume that the obligee earns 50 percent more than the obligor. For example, if obligor gross income is \$2,000 per month, obligee income is \$3,000 per month. As in previous exhibits, the self support reserve is applied below \$1,400 per month, so the proposed obligations are lower as a result of the increase in the self support reserve. The existing Schedule stops at obligor income of \$4,000 per month (combined income of \$10,000 per month). The proposed Schedule extends to combined gross income of \$20,000 per month.

The patterns seen in Exhibits 12 and 13 are seen again in this scenario, except that obligations are even lower because the obligee is now responsible for 60 percent of the obligation and the obligor is responsible for 40 percent. For example, the support obligation as a proportion of obligor income under the proposed Schedule if obligor income is \$2,000 per month is 21 percent when the obligee has income 150 percent of obligor income, 22 percent when obligee income is equal to the obligor income, and 27 percent when the obligee has half the income of the obligor.

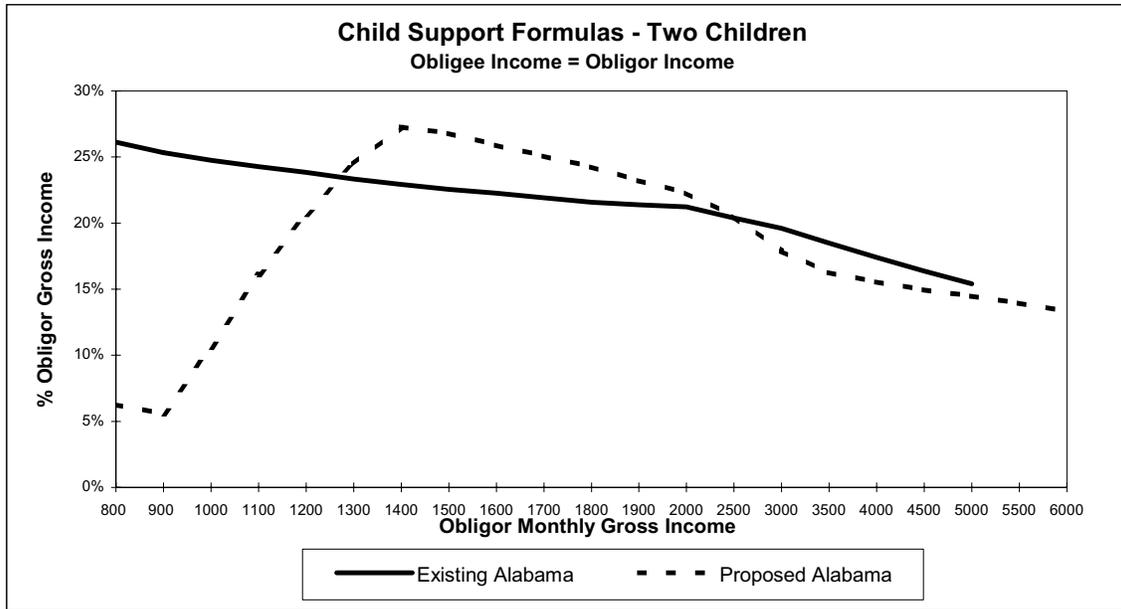


Exhibit 12



<b>CHILD SUPPORT FORMULAS - TWO CHILDREN</b>					
<b>Obligee Income = 50% of Obligor Income</b>					
Support Due (\$\$ per month)			% of Obligor's Gross Income		
Obligor's Gross Monthly Income	Existing Alabama	Proposed Alabama	Obligor's Gross Monthly Income	Existing Alabama	Proposed Alabama
800	223	50	800	28%	6%
900	245	50	900	27%	6%
1000	266	106	1000	27%	11%
1100	285	177	1100	26%	16%
1200	304	248	1200	25%	21%
1300	323	318	1300	25%	24%
1400	343	386	1400	24%	28%
1500	363	421	1500	24%	28%
1600	381	445	1600	24%	28%
1700	399	469	1700	23%	28%
1800	417	493	1800	23%	27%
1900	434	517	1900	23%	27%
2000	451	536	2000	23%	27%
2500	535	587	2500	21%	23%
3000	627	635	3000	21%	21%
3500	705	693	3500	20%	20%
4000	784	715	4000	20%	18%
4500	843	743	4500	19%	17%
5000	897	793	5000	18%	16%
5500	945	847	5500	17%	15%
6000	982	897	6000	16%	15%

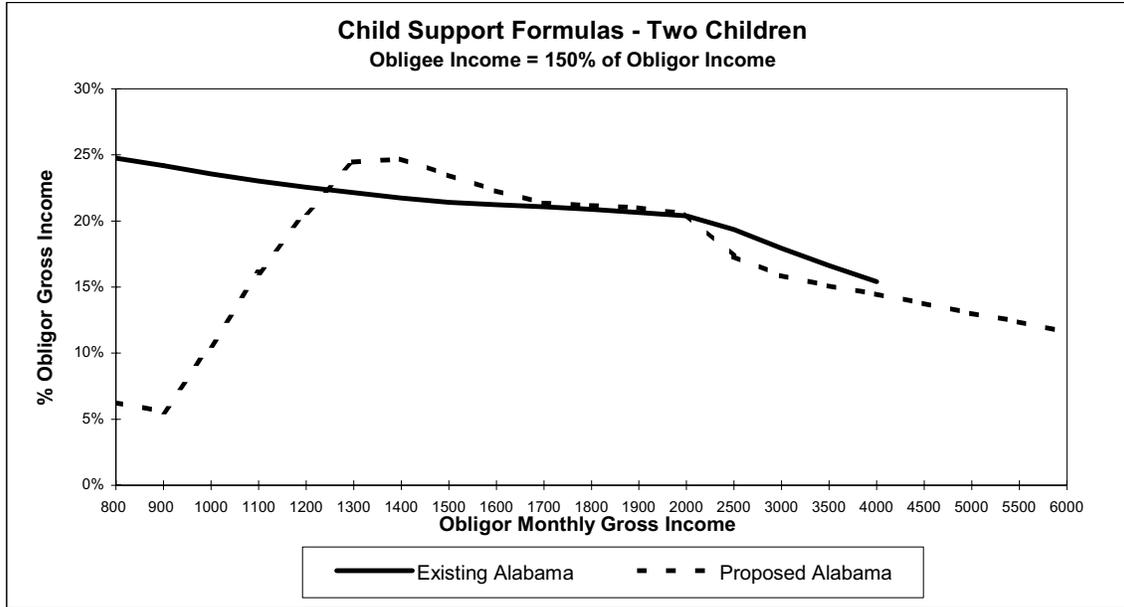
### Exhibit 13



<b>CHILD SUPPORT FORMULAS - TWO CHILDREN</b>					
<b>Obligee Income = Obligor Income</b>					
Support Due (\$\$ per month)			% of Obligor's Gross Income		
Obligor's Gross Monthly Income	Existing Alabama	Proposed Alabama	Obligor's Gross Monthly Income	Existing Alabama	Proposed Alabama
800	209	50	800	26%	6%
900	228	50	900	25%	6%
1000	248	106	1000	25%	11%
1100	267	177	1100	24%	16%
1200	286	248	1200	24%	21%
1300	304	318	1300	23%	24%
1400	321	382	1400	23%	27%
1500	339	402	1500	23%	27%
1600	356	415	1600	22%	26%
1700	373	426	1700	22%	25%
1800	389	437	1800	22%	24%
1900	407	441	1900	21%	23%
2000	425	446	2000	21%	22%
2500	510	513	2500	20%	21%
3000	588	536	3000	20%	18%
3500	647	569	3500	18%	16%
4000	697	622	4000	17%	16%
4500	737	673	4500	16%	15%
5000	771	723	5000	15%	14%
5500		767	5500		14%
6000		798	6000		13%



Exhibit 14



**CHILD SUPPORT FORMULAS - TWO CHILDREN**  
Obligee Income = 150% of Obligor Income

Obligor's Gross Monthly Income	Support Due (\$\$ per month)		%		Obligor's Gross Monthly Income	% of Obligor's Gross Income	
	Existing Alabama	Proposed Alabama	Existing Alabama	Proposed Alabama		Existing Alabama	Proposed Alabama
800	198	50	25%	6%	800	25%	6%
900	218	50	24%	6%	900	24%	6%
1000	236	106	24%	11%	1000	24%	11%
1100	253	177	23%	16%	1100	23%	16%
1200	271	248	23%	21%	1200	23%	21%
1300	288	318	22%	24%	1300	22%	24%
1400	304	346	22%	25%	1400	22%	25%
1500	321	352	21%	23%	1500	21%	23%
1600	340	356	21%	22%	1600	21%	22%
1700	358	363	21%	21%	1700	21%	21%
1800	376	381	21%	21%	1800	21%	21%
1900	392	399	21%	21%	1900	21%	21%
2000	408	410	20%	21%	2000	20%	21%
2500	484	433	19%	17%	2500	19%	17%
3000	538	476	18%	16%	3000	18%	16%
3500	582	528	17%	15%	3500	17%	15%
4000	617	579	15%	14%	4000	15%	14%
4500		620		14%	4500		14%
5000		651		13%	5000		13%
5500		681		12%	5500		12%
6000		694		12%	6000		12%



## Case Examples Comparing Existing to Proposed Schedule

Below are three case examples (a low, middle and high income case) to further compare the levels of support under the existing and proposed Alabama Schedules.

### Case Example 1: Low Income Case

In this example, the mother has custody of the two children and receives TANF. The father earns \$950 gross per month, which is slightly above earnings from a full-time minimum wage job. In this scenario, the self support reserve is applied, so the obligation under the proposed Schedule is \$71 per month. Absent the self support reserve, the order would be \$303 per month under the proposed Schedule.

Low Income Case		
Monthly Gross Income	Existing Schedule	Proposed Schedule
\$950	\$279	\$71

### Case Example 2: Middle Income Case

The father's monthly gross income is \$2,400. The mother's gross monthly income is \$1,600. She has custody of the couple's two children and has work-related child care expenses of \$200 per month. The parents' combined gross income is \$4,000 per month. The father's share of the combined gross income is 60 percent. The basic support obligation as computed from the existing and proposed Alabama Schedules is shown in the table below. As the obligor, the father's share of the basic obligation would be 60 percent of the amounts in the table. To the basic support obligation would be added the father's share of child care costs: \$120 per month ( $\$200 \times .60$ ).

Middle Income Case Combined Gross Monthly Income = \$4,000		
	Existing Schedule	Proposed Schedule
(1) Basic Obligation	\$849	\$891
(2) Child Care	\$200	\$200
(3) Basic Obligation and Child Care	\$1,049	\$1,091
(4) Father's Monthly Obligation (0.60 x row 3)	\$629	\$655

### Case Example 3: High Income Case

Before their divorce, the parents had one child, who now lives with the mother. The mother earns \$4,000 per month. Her child care expenses are \$300 per month. The father earns \$3,300 per month gross. The parents' combined gross income is \$7,300 per month. As the obligor, the father's share of the basic obligation would be 45 percent of the amounts in the table. To the basic support obligation would be added the father's share of child care costs: \$135 per month ( $\$300 \times .45$ ). The father's total monthly support obligation under the two Schedules would therefore be:



<b>High Income Case</b>		
<b>Combined Gross Monthly Income = \$7,300</b>		
	<b>Existing Schedule</b>	<b>Proposed Schedule</b>
(1) Basic Obligation	\$857	\$862
(2) Child Care	\$300	\$300
(3) Basic Obligation and Child Care	\$1,157	\$1,162
(4) Father's Monthly Obligation (0.45 x row 3)	\$521	\$523



## **Chapter VI**

# **Adjustments for Selected Guidelines Factors**

This chapter examines how other states treat and adjust for shared-parenting time and in situations in which a parent has additional dependents to support, other than the children presently before the court.

## **SHARED-PARENTING TIME**

### **Existing Alabama Guidelines Provision**

In the Alabama Guidelines (Rule 32), shared physical custody or substantial visitation are factors for the courts to consider in deviating from the guidelines. Further, the Alabama Code provides a presumption that joint custody is in the best interest of the children following separation or dissolution of marriage.

*Joint Custody.* -- It is the policy of this state to assure that minor children have frequent and continuing contact with parents who have shown the ability to act in the best interest of their children and to encourage parents to share in the rights and responsibilities of rearing their children after the parents have separated or dissolved their marriage. Joint custody does not necessarily mean equal physical custody. [Ala.Code §30-3-150]

### **Adjustments for Shared-Parenting Time in Other States**

We use the term, “shared-parenting time” to mean shared physical custody or substantial visitation. This is to avoid confusion among differences between state definitions of “shared physical custody,” “joint custody,” and other similar terminologies. For example, one state defines “shared physical custody” as almost equal physical custody and other states use it to mean court-ordered shared physical custody. Shared-parenting time implies that the child spends a considerable amount of time in both parents’ households, so both parents incur substantial amounts of child-rearing costs.

Exhibit 15 shows which states adjust for shared-parenting time in their child support guidelines. It shows that

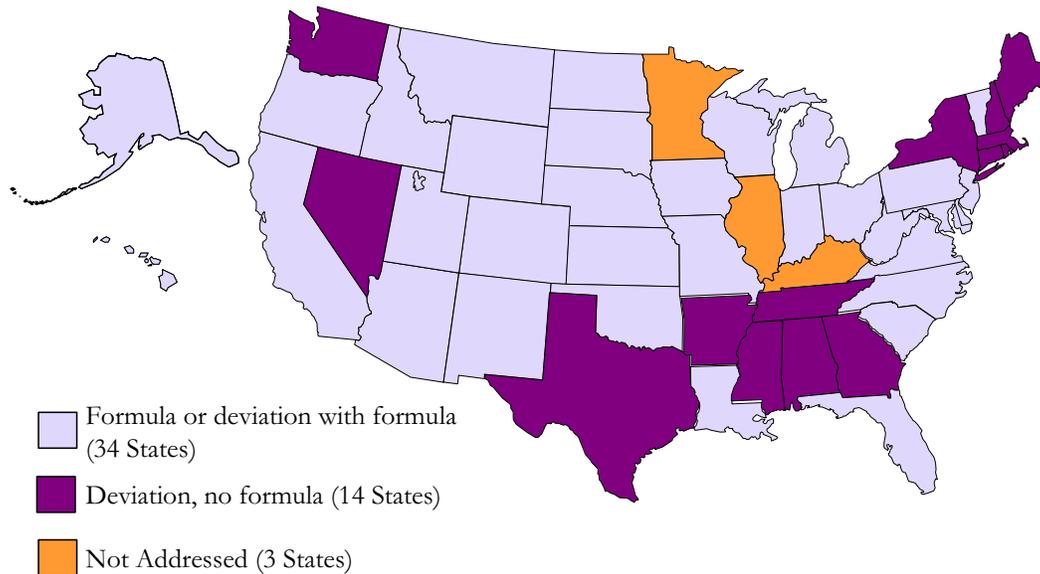
- ♦ 34 states provide a formula or a deviation factor with a formula;
- ♦ 14 states (including Alabama) allow for a deviation but do not specify a formula; and
- ♦ 3 states do not address shared-parenting time.

Among those 34 states that specify a formula, seven states provide that the formula is to be applied when the court determines an adjustment for shared-parenting time is appropriate in the specific case.

Although not shown in Exhibit 15, almost all of the 33 Income Shares states specify a formula to adjust for shared-parenting time. Alabama, Connecticut, Washington, Maine, and Rhode Island are the only exceptions.



## Exhibit 15 Treatment of Shared Physical Custody in State Guidelines



In devising a shared-parenting time formula, there are at least four factors to consider.

1. *Threshold for applying the adjustment.* Most states set a threshold for applying the shared-parenting time adjustment. The threshold is a policy decision that typically considers when the parent who provides the primary residence for the child is likely to realize a decrease in child-rearing expenditures because the child's time with the other parent; and, when the parent with the non-primary residence is likely to incur substantial child-rearing costs. The threshold is usually expressed as a number of overnights or a percent of the child's time. As shown in Exhibit 16, it typically ranges from 20 to 50 percent of the child's time, although a few states set the threshold even lower (e.g., Arizona adjustment, which is discussed in greater detail below, starts with four overnights per year).
2. *Specific formula for the adjustment.* As elaborated below, there are a variety of formulas used by states to adjust for shared-parenting time.
3. *Specific criteria for applying the adjustment.* Most states with an adjustment base it on the amount of time: specified in a shared physical or visitation order or parenting plan; agreed to by the parents; actually exercised; or, a combination of these criteria. Some states specifically define what an "overnight" or "day" is (e.g., periods greater than 12 hours). Some states specify that the adjustment is not to be applied in low-income cases.
4. *Treatment of additional child-rearing expenses.* Many states prorate the costs of child care, the child's health insurance premium, and extraordinary medical and education expenses between the parents and the prorated amounts to the base support. (Base support is typically determined from a child support schedule similar to the Alabama schedule.) In states with shared-parenting time formulas, these



additional child-rearing expenses are still prorated based on income and there is no additional weight based on the time split between the parents.

<b>Exhibit 16</b>	
<b>Thresholds for Shared-Parenting Adjustments</b>	
<b>Threshold for Shared-Parenting Adjustment</b>	<b>Number of States</b>
< 20%	4 (AZ, IN, MO, & NJ: CP income must be above 200% of poverty level in NJ)
20-30%	13 (AK, CA, CO, ID, DE, MT, NM, OR, SC, UT, VT, VA, WI)
31-35%	7 (IA, MD, MI, NC, OK, SD, WV)
36-49%	6 (DC, FL, HI, ND, PA, WY)
50%	2 (LA, KS)
Per Custody Order/Not Specified	1 (OH, NE)
<b>Total Number of States</b>	<b>34</b>

### Formulas to Adjust for Shared-Parenting Time

In this section we discuss at least three methods to adjust for shared-parenting time.

1. *The Cross-Credit Approach.* It is used by 21 states. The most common method used to adjust for shared-parenting time is the cross-credit approach. It essentially calculates a theoretical support amount for each parent assuming that the parent is the noncustodial parent and the other parent is the custodial parent and weighs those amounts for the time the child spends with the other parent. The final step is to offset them against each other. An example of a cross-credit adjustment is provided in Exhibit 17. In this example, the basic obligation is multiplied by 150 percent to account for child-rearing expenses that are duplicated between the parents (e.g., housing). All states with the cross-credit formula use a multiplier except Nebraska.
2. *Indiana Approach and Variations.* The Indiana approach and variations of it are gaining popularity. It is used by five states. It is rooted in the concept that there are three types of child-rearing expenditures: variable (e.g., food); fixed, duplicated (e.g., housing); and fixed, nonduplicated (e.g., the child's clothing). The concept is that at low levels of timesharing (i.e., the noncustodial parent has the child 10 percent of the time and the custodial parent has the child 90 percent of the time), there should be an adjustment to the support award for variable costs only. When the timesharing is substantial, the adjustment should consider both variable and fixed, duplicated expenses because both parents incur these costs. Yet, it also assumes that only one parent (e.g., in New Jersey, it is the parent with more time or the parent living near the child's school in equal custody situations) purchases fixed, nonduplicated expenses. States vary in the percentages they attribute to variable and fixed expenditures. Variable expenditures are assumed to be 37 to 40 percent of total child-rearing expenditures. Fixed, duplicated expenditures are assumed to be 30 to



50 percent of total child-rearing expenditures. Fixed, non-duplicated expenditures are assumed to be 10 to 33 percent of total child-rearing expenditures.

An Indianan Judge initially developed this concept over ten years ago. New Jersey was the first state to promulgate a formula based on this concept. Arizona modified New Jersey's formula so the adjustment could be performed as a look-up table based on the number of overnights. An example of Arizona's approach is illustrated in Exhibit 18. Oregon adopted the Arizona approach but starts it a higher timesharing threshold. In this year (2004), Indiana also refined and promulgated the adjustment.

3. *Other Methods.* There are eight states have shared-parenting formulas based on other methods. The per diem method is used by three of these states. Once timesharing reaches a state-determined threshold, the support order is reduced by a per diem amount based on the number of overnights exceeding the threshold. In addition, there are five states that have unique adjustments. For example, California incorporates its adjustment into its base support formula. It assumes standard timesharing is 20 percent; and, upward adjusts for timesharing less than that, and downward adjusts for timesharing more than that. Michigan's proposed formula is the most mathematically complex, but results in the most gradual decrease in order amounts with increases in timesharing. Michigan's current formula includes exponentials to the second power, its proposed formula involves exponentials to the third power.

<b>Exhibit 17</b>				
<b>Example of Cross-Credit Approach Used to Adjust for Shared-Parenting Time</b>				
Line		Mother	Father	Combined
1	Monthly Combined Net Income	\$1,500	\$3,500	\$5,000
2	Percentage Share of Income	30%	70%	100%
3	Basic Obligation (Line 1 combined applied to Schedule)			\$1,335
4	Shared Custody Basic Obligation (Line 3 x 1.5)			\$2,002
5	Each Parent's Share (Line 4 x each parent's Line 2)	\$601	\$1,401	
6	Overnights with Each Parent (must total 365)	182.5	182.5	365
7	Percentage Time with Each Parent (Line 6 divided by 365)	50%	50%	100%
8	Amount Retained (Line 5 x Line 7 for each parent)	\$301	\$701	
9	Each Parent's Obligation (Line 5 – Line 8)	\$300	\$700	
10	Amount transferred for basic obligation (Subtract smaller from larger on Line 9)		\$400	



### Exhibit 18 - Example of Arizona's Adjustment

Shared-Parenting Time Adjustment Table		
Number of Visitation Days		Adjustment Percentage
0	3	0
4	20	.012
21	38	.031
39	57	.050
58	72	.085
73	87	.105
88	115	.161
116	129	.195
130	142	.253
143	152	.307
153	162	.362
163	172	.422
173	182	.486

**Formula**  
 Obligor's Share of Total Obligation  
 - (Total Basic Child Support Obligation x  
Adjustment Percentage from Table A)  
 = Recommended Child Support Order

**Example**  
 Father's Income = \$3,500 (70% of combined)  
 Mother's Income = \$1,500 (30% of combined)  
 Basic Obligation = \$1,335,  
 Visitation Days with Father = 182  
 $(.70 * 1,335) - (1,335 * .486) = \mathbf{\$286}$

### Exhibit 19 - Example of Indiana Parenting Time Credit

Indiana's Parenting Time Table			
Annual Overnights		Total	Duplicated
From	To		
1	51	0.000	0.000
52	55	0.062	0.011
56	60	0.070	0.014
61	65	0.080	0.020
66	70	0.093	0.028
71	75	0.108	0.038
76	80	0.127	0.052
81	85	0.150	0.070
8	90	0.178	0.093
91	95	0.211	0.122
96	100	0.250	0.156
101	105	0.294	0.195
106	110	0.341	0.237
111	115	0.388	0.280
116	120	0.434	0.321
121	125	0.476	0.358
126	130	0.513	0.390
131	135	0.544	0.417
136	140	0.570	0.438
141	145	0.591	0.454
146	150	0.609	0.467
151	155	0.623	0.476
156	160	0.634	0.483
161	165	0.644	0.488
166	170	0.652	0.491
171	175	0.660	0.494
176	180	0.666	0.495
181	183	0.675	0.500

**Example**  
 Father's Income = \$3,500 (70% of combined)  
 Mother's Income = \$1,500 (30% of combined)  
 Basic Obligation = \$1,335  
 Visitation Days with Father = 182

Total Parenting Time Expenses from table = .675  
 Duplicated Parenting Time Expenses from table = .5

Father's Share of Basic Obligation = \$935  
 $(\$1,335 * .70)$

Total Expenses during Parenting Time = \$901  
 $(\$1,335 * .675)$

Duplicated Expenses = \$668  
 $(\$1,335 * .5)$

Father's Share of Duplicated Expenses = \$468  
 $(\$668 * .70)$

Parenting Time Credit = \$433  
 $(\$901 - \$468)$

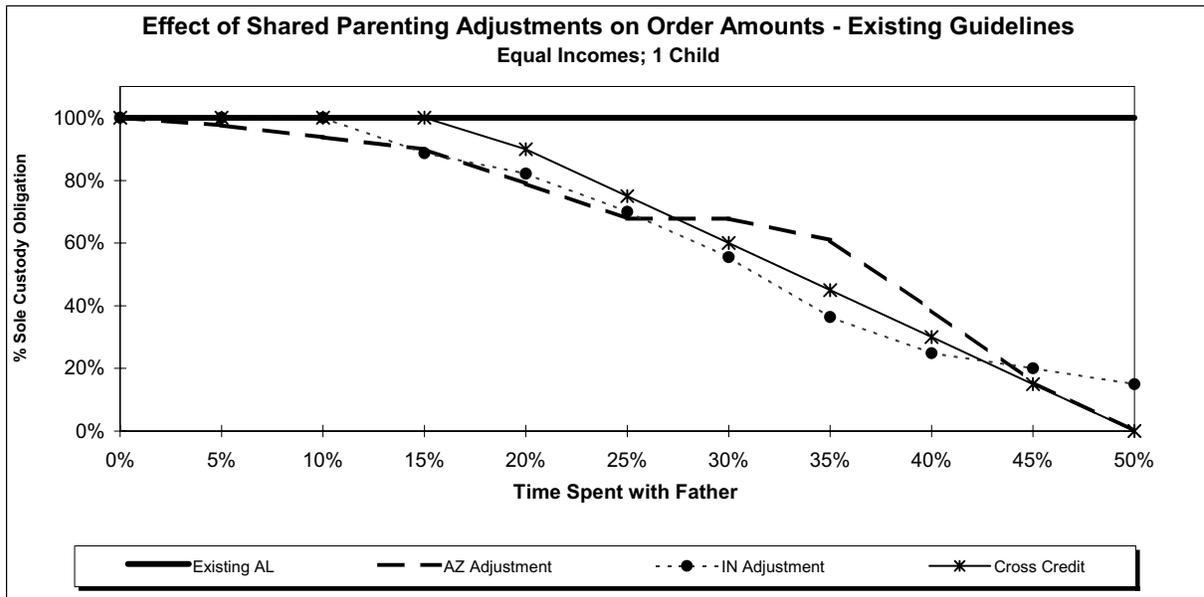
**Father's Adjusted Obligation = \$502**  
 $(\$935 - \$433)$



### Comparisons of Shared-Parenting Time Adjustments

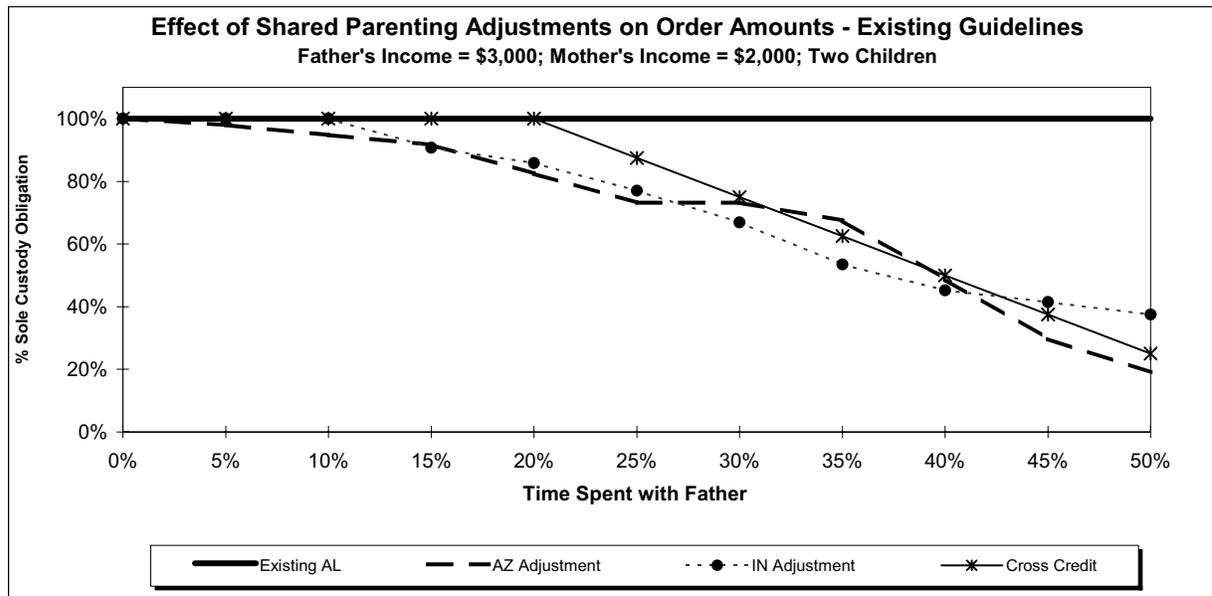
Exhibits 20 and 21 compare the impact of these alternative shared-parenting adjustments.

**Exhibit 20**



Comparison of Shared Custody Formulas									
Father's Monthly Gross Income = \$3,500, Mother's Monthly Gross Income = \$3,500									
Support Due (\$\$ per month)					% of Sole Custody Obligation				
Time Spent with Father (Percent)	Existing AL (no adjustment)	AZ Adjustment	IN Adjustment	Cross Credit	Time Spent with Father (Percent)	Existing AL	AZ Adjustment	IN Adjustment	Cross Credit
0% (0 days)	\$418	\$418	\$418	\$418	0%	100%	100%	100%	100%
5% (18 days)	\$418	\$407	\$418	\$418	5%	100%	98%	100%	100%
10% (36 days)	\$418	\$392	\$418	\$418	10%	100%	94%	100%	100%
15% (55 days)	\$418	\$376	\$370	\$418	15%	100%	90%	89%	100%
20% (73 days)	\$418	\$330	\$343	\$376	20%	100%	79%	82%	90%
25% (91 days)	\$418	\$283	\$292	\$313	25%	100%	68%	70%	75%
30% (110 days)	\$418	\$283	\$232	\$251	30%	100%	68%	56%	60%
35% (128 days)	\$418	\$255	\$152	\$188	35%	100%	61%	36%	45%
40% (146 days)	\$418	\$161	\$104	\$125	40%	100%	39%	25%	30%
45% (164 days)	\$418	\$65	\$84	\$63	45%	100%	16%	20%	15%
50% (182 days)	\$418	\$0	\$63	\$0	50%	100%	0%	15%	0%

### Exhibit 21



**Comparison of Shared Custody Formulas**  
 Father's Monthly Gross Income = \$3,000, Mother's Monthly Gross Income = \$2,000

Support Due (\$\$ per month)					% of Sole Custody Obligation				
Time Spent with Father (Percent)	Existing AL (no adjustment)	AZ Adjustment	IN Adjustment	Cross Credit	Time Spent with Father (Percent)	Existing AL	AZ Adjustment	IN Adjustment	Cross Credit
0% (0 days)	\$611	\$611	\$611	\$611	0%	100%	100%	100%	100%
5% (18 days)	\$611	\$599	\$611	\$611	5%	100%	98%	100%	100%
10% (36 days)	\$611	\$580	\$611	\$611	10%	100%	95%	100%	100%
15% (55 days)	\$611	\$560	\$555	\$611	15%	100%	92%	91%	100%
20% (73 days)	\$611	\$504	\$525	\$611	20%	100%	83%	86%	100%
25% (91 days)	\$611	\$447	\$471	\$535	25%	100%	73%	77%	88%
30% (110 days)	\$611	\$447	\$409	\$459	30%	100%	73%	67%	75%
35% (128 days)	\$611	\$413	\$327	\$382	35%	100%	68%	54%	63%
40% (146 days)	\$611	\$299	\$276	\$306	40%	100%	49%	45%	50%
45% (164 days)	\$611	\$181	\$254	\$229	45%	100%	30%	41%	38%
50% (182 days)	\$611	\$116	\$229	\$153	50%	100%	19%	38%	25%

#### Merits and Limitations of Shared-Parenting Time Adjustments

One merit of the cross-credit approach and Arizona's shared-parenting time is that they have withstood the test of time. The cross-credit approach has been successfully applied for almost 20 years and the Arizona adjustment has been successfully applied for about eight years. The primary limitation of the cross-credit approach is that it does not work well with very low levels of visitation (i.e., below 20% time sharing). A second limitation is that it can result in a precipitous drop in the child support amount at the point when the shared-parenting time threshold is applied if the parents have almost equal incomes. The cross credit approach also does not work well without a multiplier.



The Arizona approach is favored by many states because: it is tabular format makes it easy to apply and understand; it gradually reduces the order amount as timesharing increases; it gives the noncustodial parent credit even with little timesharing; and there was no evidence of the gaming of time for money in Arizona’s last case file review. The Indiana approach was just implemented in 2004, so is too new to make conclusions about. Users of the New Jersey Guidelines have favorable things to say about the New Jersey adjustment, but no other state has adopted the New Jersey approach.

## ADDITIONAL DEPENDENTS

In addition to the children for whom support is being determined, a parent may have other children. These other children may be the subject of another child support order or they may not. In general, states treat other children subject to a court order differently than other children who are not subject to a court order. The latter are commonly referred to as “additional dependents.”

### Existing Alabama Guidelines Provision

In the Alabama Guidelines (Rule 32), the amount of pre-existing child support that is actually being paid is deducted from a parent’s income prior to the calculation of support in the instant case

The Alabama Guidelines provide:

If a parent is legally responsible for and is actually providing support for other children, but not pursuant to an order of support, a deduction for an “imputed preexisting child support obligation” may be made from that parent’s gross income. The imputed preexisting child support obligation shall be that amount specified in the schedule of basic child support obligations based on that parent’s unadjusted gross income and the number of other children for whom that parent is legally responsible. “Other children” means children who are not the subject of the particular child support determination being made. If the proceeding is one to modify an existing award of support, no deduction should be made for other children born or adopted after the initial award of support was entered, except for support paid pursuant to another order of support.

### Treatment in Other States

Exhibit 22 displays the treatment of prior court orders for child support. The majority of states (40 states) deduct court ordered support from a parent’s income like Alabama, while a few other states have different methods for adjusting for prior orders of support. In all but one state (Pennsylvania) the adjustment to income is presumptively applied. In six states, the existence of other orders for child support is a deviation criterion.

**Exhibit 22**  
**Treatment of Prior Court Orders for Child Support**

State	Income Adjustment for Court-Ordered Child Support	Permissive/Presumptive	Limitations
Alabama	Subtracted from Income	Presumptive	actually paid
Alaska	Subtracted from Income	Presumptive	actually paid; only applies to children from prior relationships



State	Income Adjustment for Court-Ordered Child Support	Permissive/Presumptive	Limitations
Arizona	Subtracted from Income	Presumptive	actually paid; current support orders only - orders for arrears payments are not deducted from income
Arkansas	Subtracted from Income	Presumptive	presently paid
California	Subtracted from Income	Presumptive	actually paid
Colorado	Subtracted from Income	Presumptive	actually paid
Connecticut	Subtracted from Income	Presumptive	actually paid; current support orders only - orders for arrears payments are not deducted from income
DC	Subtracted from Income	Presumptive	actually paid
Delaware	% Adjustment-Credit to income based on the number of additional children	Presumptive	
Florida	Subtracted from Income	Presumptive	actually paid
Georgia	Deviation		
Hawaii	Deviation		
Idaho	Subtracted from Income	Presumptive	actually paid
Illinois	Subtracted from Income	Presumptive	actually paid
Indiana	Subtracted from Income	Presumptive	actually paid
Iowa	Subtracted from Income	Presumptive	actually paid
Kansas	Subtracted from Income	Presumptive	actually paid; current support orders only - orders for arrears payments are not deducted from income
Kentucky	Subtracted from Income	Presumptive	actually paid; prior born only
Louisiana	Deviation		must take into consideration the minimum order if the existing orders will reduce the noncustodial parent's income below the lowest level in the schedule
Maine	Subtracted from Income	Presumptive	actually paid
Maryland	Subtracted from Income	Presumptive	actually paid
Massachusetts	Subtracted from Income	Presumptive	actually paid
Michigan	Subtracted from Income	Presumptive	current support orders only - payments on arrears are not deducted from income
Minnesota	Subtracted from Income	Presumptive	currently being paid
Mississippi	Subtracted from Income	Presumptive	
Missouri	Subtracted from Income	Presumptive	current support actually paid;
Montana	Subtracted from Income	Presumptive	pre-existing
Nebraska	Subtracted from Income	Presumptive	
Nevada	Deviation		
New Hampshire	Deviation		
New Jersey	Subtracted from Income	Presumptive	
New Mexico	Subtracted from Income	Presumptive	actually paid; prior born children
New York	Subtracted from Income	Presumptive	actually paid
North Carolina	Subtracted from Income	Presumptive	actually paid



State	Income Adjustment for Court-Ordered Child Support	Permissive/Presumptive	Limitations
North Dakota	Adjustment to all Orders	Presumptive	Two support awards are calculated for each obligee: one without the consideration of other awards, and one deducting other orders from the obligors income. The support order is set at the average of the two calculations.
Ohio	Subtracted from Income	Presumptive	actually paid
Oklahoma	Subtracted from Income	Presumptive	actually paid
Oregon	Dummy order subtracted from income	Presumptive	A dummy order for all of the parent's additional dependents (regardless of court ordered support) is subtracted from income
Pennsylvania	Proportionate reduction to all orders	Permissive	If the total of all obligations (excluding add-ons) exceeds 50% of the obligor's net income
Rhode Island	Subtracted from Income	Presumptive	
South Carolina	Subtracted from Income	Presumptive	actually paid
South Dakota	Subtracted from Income	Presumptive	
Tennessee	Subtracted from Income	Presumptive	date of the initial order must be prior to date of initial order in the case at bar
Texas	Pro-rated Basic Support	Presumptive	
Utah	Subtracted from Income	Presumptive	
Vermont	Subtracted from Income	Presumptive	actually paid
Virginia	Subtracted from Income	Presumptive	
Washington	Deviation		actually paid
West Virginia	Subtracted from Income	Presumptive	
Wisconsin	Subtracted from Income	Presumptive	
Wyoming	Subtracted from Income	Presumptive	actually paid; current support
	Subtracted from Income = 40	Presumptive = 44	
	Other = 5	Permissive = 1	
	Deviation = 6		

## Additional Dependents Not Covered by Court Orders

### Treatment in Other States

Exhibit 23 displays the treatment of additional dependents not covered by a court order. Overall, the treatment in Alabama (deduction of a dummy order) is the most common treatment in other states. There are 16 states that allow for a deviation if a parent has other children to support who are not covered by a court order, and nine states provide a formula (i.e., dummy order, pr-rated support) but give the court discretion in applying the adjustment. Conversely, 24 states have language that the adjustment will be presumptively applied.

Most states prioritize first children, but some states have tried to equalize the financial resources by reducing the dummy order by a percentage. For example, South Carolina and West Virginia use a 75 percent reduction, while Montana, North Carolina and Rhode Island reduce the dummy order by 50 percent. A few



states (e.g., North Dakota and Pennsylvania) have provisions that allow for the recalculation of all support orders of an obligor.

In addition, many states set additional limitations on the adjustment. For example, in some states (Colorado, Indiana, Kentucky) prior-born and subsequently born children are treated differently. In other states (Missouri, Ohio) any child support that is received by a parent for additional dependents living with the parent is offset against the adjustment. Though not depicted in Exhibit 22, some states consider the ability of the other parent of the additional dependents to contribute to their support (North Carolina, Tennessee) and some states even require documented proof of the other parent's income (e.g., Washington).

**Exhibit 23**  
**Treatment of Additional Dependents Not Covered by Court Orders**

State	Treatment	Permissive/ Presumptive	Limitations
Alabama	Dummy order subtracted from income	Permissive	
Alaska	Dummy order subtracted from income	Permissive	Dummy order for prior born children. Subsequent children are generally not considered but may deviate.
Arizona	Dummy order subtracted from income	Permissive	Deduction is presumptive if the parent is the custodial parent of the additional dependents and permissive if the parent is the noncustodial parent of the additional dependents not covered by an order.
Arkansas	Deviation		
California	Deviation		Deviation (hardship) factor for dependents living with the parent - hardship deduction may not exceed the support allocated to each child in the instant case. For children not living with the parent and not covered by an order, a deduction not to exceed the guidelines determined amount is permitted if payment of support is proven.
Colorado	Dummy order subtracted from income	Presumptive	Dummy order for prior born children living at home; proof of payment of support is required for prior born children not living at home. Subsequent children are not addressed.
Connecticut	Pro-rated Basic Support	Presumptive	Child must live with the parent to receive the adjustment. Deviation factor if child does not live with parent and is not under court-ordered support.
DC	Pro-rated Basic Support	Presumptive	Prorated deduction from income if the obligor has additional children living in the home; deviation criteria if the obligee has additional children living in the home or if obligor has additional children not living in the home and not covered by a court order.
Delaware	% Adjustment-Credit to income based on the number of additional children	Presumptive	For children not covered by a court order and not living in the parent's home, parent must prove a pattern of support.



State	Treatment	Permissive/ Presumptive	Limitations
Florida	Deviation		If there are subsequent children in a proceeding for an upward modification, the court may disregard secondary income (2nd job, overtime) of the parent to support the subsequent children. If subsequent children are raised as a defense to an upward modification, the other parent's income will be considered as well.
Georgia	Deviation		
Hawaii	Deviation		
Idaho	Dummy order subtracted from income	Presumptive	For other children not living in the parent's home a pattern of support must be proven to receive an adjustment to income.
Illinois			
Indiana	Dummy order subtracted from income for prior born; % Adjustment to Income based on the number of subsequent children	Presumptive	For prior born children not living in the home the obligor must prove payment of support. For prior born children living in the home a dummy order is suggested. For subsequent children, the average base support percentage for the number of children is used to determine an appropriate % adjustment to income.
Iowa	Set dollar amount subtracted from income based on number of children	Presumptive	For children not covered by a court order and not living in the parent's home, the parent can deduct the actual amount paid or the set dollar amount, but not both.
Kansas	Pro-rated Basic Support	Presumptive	Is only available to the noncustodial parent except in shared custody cases. If the adjustment results in an award that is below poverty, the adjustment is discretionary.
Kentucky	Dummy order subtracted from income	Presumptive	Prior-born only. Subsequent children are not addressed in the guidelines.
Louisiana	Deviation		
Maine	Dummy order subtracted from income	Presumptive	Applies to the noncustodial parent only. Voluntary actual payments for prior born children in absence of a court order are deducted. Dummy order for children living with the noncustodial parent.
Maryland	Deviation		
Massachusetts	Deviation		
Michigan	% Adjustment to Income	Presumptive	Different percentages for biological/adopted children and step-children
Minnesota	Deviation		Subsequent children are generally not to be considered. If they are considered, the other parent's income must be considered and support should be equalized among all children
Mississippi	Adjustment to income - amount is discretionary	Permissive	
Missouri	Dummy order subtracted from income	Presumptive	Children must be in the parent's primary physical custody but can live away at school. Any child support received for that child is offset against the dummy order.
Montana	Dummy order subtracted from income	Presumptive	
Nebraska	Adjustment to income - amount is	Permissive	



State	Treatment	Permissive/ Presumptive	Limitations
	discretionary		
Nevada	Deviation		
New Hampshire	Deviation		
New Jersey	Dummy order subtracted from income	Presumptive	Adjustment is calculated if there are more than six additional dependents
New Mexico	Dummy order subtracted from income	Presumptive	Generally not allowed for subsequent children. Adjustment applies to children in the parent's custody.
New York	Deviation		This deviation factor may apply only if the resources available to support the additional dependents are less than the resources available to support the children who are subject to the instant action
North Carolina	Dummy order subtracted from income	Presumptive	A voluntary support arrangement for children not living with the parent may be treated like court-ordered support upon proof that the supporting parent has made payments over an extended period of time.
North Dakota	Adjustment to all orders - Dummy order subtracted from income	Permissive	Two support awards are calculated: one without a deduction of the dummy order, and one deducting the dummy order from the obligor's income. The support order is set at the average of the two calculations.
Ohio	Formula-federal tax exemption subtracted from income	Presumptive	Any child support received for the additional dependents will be offset against the amount deducted from the parent's income.
Oklahoma	Adjustment for subsequent children is not allowed		Child support orders for prior born children may not be modified for the purpose of providing support for later-born children.
Oregon	Dummy order subtracted from income	Presumptive	Does not apply if income is imputed to a TANF recipient. If there is an order for arrears only, the adjustment is not allowed
Pennsylvania	Proportionate reduction to all orders	Permissive	If the total of all obligations (excluding add-ons) exceeds 50% of the obligor's net income
Rhode Island	Dummy order subtracted from income	Presumptive	If the other parent of the child is unable to contribute to the support of the child, the court may deduct 100% of the dummy order.
South Carolina	Dummy order subtracted from income	Presumptive	
South Dakota	Deviation		
Tennessee	Percentage Adjustment to Obligor Income based on Number of Children	Permissive	If other parent of the child is unable to contribute to the support of the child, the court may make an additional adjustment to the parent's income.
Texas	Pro-rated Basic Support	Presumptive	Adjustment applies to all of the obligor's children, regardless of court order or where the child(ren) live.
Utah	Deviation		
Vermont	Dummy order subtracted from income	Presumptive	
Virginia	Dummy order subtracted from income	Presumptive	May not be applied if it impairs the custodial parent's ability to provide basic necessities for the child.



State	Treatment	Permissive/ Presumptive	Limitations
Washington	Deviation		All income sources, child support paid and child support received must be disclosed if the court deviates.
West Virginia	Dummy order subtracted from income	Permissive	
Wisconsin	Dummy order subtracted from income	Presumptive	Obligation to support is prioritized by date of birth for marital children and by date of court order for non-marital children.
Wyoming	Deviation		
	Dummy order subtracted from income = 20	Presumptive = 24	
	Deviation = 16	Permissive = 9	
<b>Totals</b>	Pro-rated Basic Support = 4		
	Set % or \$ Credit to Income = 5		
	Other (IN, MS, NE, PA) = 4		
	Not Allowed/Not Addressed = 2		

Almost all states identify “other children” as natural or legally adopted children. However, a few states include step-children in limited circumstances. For example, in Michigan, an adjustment is allowed for step-children if both biological parents of the step-children are unable to contribute financially. Connecticut has a provision that if parent is not the child's legal guardian the child must have lived with the parent for the previous six months in order to qualify for an adjustment.

Finally, many states have a provision like Alabama’s that prevents an adjustment for subsequently born children in modification proceedings to decrease an existing order. However, some states will allow the presence of subsequently born children to be used as a defense to an increase to an existing support award. In all, 21 states place a limitation on the use of an adjustment for subsequently born children in modification proceedings.



## **Chapter VII**

# **Summary and Conclusions**

Alabama is currently reviewing the Alabama Child Support Guidelines. The existing Guidelines are based on a version of the Income Shares model dating from 1987. The existing Schedule of Basic Child Support Obligations is based on a study of child-rearing expenditures published in 1984 that used data from the 1972-73 Consumer Expenditure Survey. This report proposes an updating of the Child Support Schedule for current economic evidence. In addition, this report provides information that could be used to improve or formulize the adjustments for low-income noncustodial parents, shared-parenting time and additional dependents.

An objective of the review is to develop an updated Schedule. As mandated by the Family Support Act of 1988, the U.S. Department of Health and Human Services sponsored new research on child-rearing expenditures. This research was conducted by Dr. David Betson, of the University of Notre Dame, through a grant administered by the University of Wisconsin's Institute for Research on Poverty. Dr. Betson's research applied a variety of econometric models to data from the 1980-86 Consumer Expenditure Survey (CEX). Dr. Betson updated his research using data from the 1996-1999 CEX, and his updated findings were published by the California Judicial Council.

Of the methodologies used by Betson with the 1980-86 and 1996-99 CEX, it appears that the Rothbarth estimator continues to yield the most theoretically sound and plausible results. They currently represent the best available evidence on child-rearing expenditures. Consequently, we have based our revision of the Schedule on the Rothbarth parameters estimated by Betson. Applying a procedure similar to the one used to develop the original Schedule, we have developed a new Schedule for the guidelines.

Betson's Rothbarth parameters are only a starting point for the preparation of the proposed Schedule. Also reflected in the proposed Schedule are the changes in the ratio of household consumption to net income that have occurred between 1972-73 and 1996-99, the two periods in which data were collected for the older and more recent estimates of child-rearing expenditures, and changes in average consumption spending for child care and children's medical expenses between those two periods.

In addition to updating the underlying data on child-rearing expenditures, the proposed revisions to the economic tables include:

- ♦ Updated estimates from 1987 to 2003 price levels;
- ♦ An updated self support reserve based on the 2003 federal poverty guidelines; and
- ♦ Recalculation of the net-to-gross income conversion to account for changes in federal and Alabama State income tax rates.

The child's medical expenses in the proposed Schedule are factored in differently than they are in the existing Schedule. The proposed Schedule excludes extraordinary medical expenses in excess of \$250 per child per



year to reflect increasing out-of-pocket medical expenses such as increases in deductibles. If the proposed Schedule is adopted, the definition of extraordinary medical expenses should be changed from \$200 per year per family of four to \$250 per child per year.

The existing Schedule incorporates a self support reserve based on the 1987 poverty level. The purpose of the self support reserve is to ensure that the noncustodial parent has enough after-tax income after payment of child support to live at least at a subsistence level. Although the amount of the self support reserve is a policy decision, the updated Schedule provided in this report uses a self support reserve equivalent to the most current (2003) poverty level. The low-income adjustment provided in this report also assumes a \$50 per month minimum order and use of the “shaded-area of the schedule” to adjust for low income. The “shaded area” is a refinement to incorporating the adjustment in the Schedule that better factors in situations where the noncustodial parent is low income, but the custodial parent also has low to middle income.

This report also discusses how other states adjust for shared-parenting time and additional dependents. The existing Alabama Guidelines permit a deviation for shared physical custody, but do not specify a formula. In contrast, most states do specify a formulaic adjustment for shared physical custody. However, Alabama’s adjustment for additional dependents is similar to additional dependents adjustments in other Income Shares states.

In summary, the proposed Schedule is based on current economic research and more recent economic data on household expenditures. The proposed Schedule also incorporates changes in federal, state and local tax rates, and price levels. Taken together, these changes are designed to make Alabama's child support orders more equitable and more consistent with economic changes.



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# **Appendix I**

## **Technical Appendix**





## **Appendix I**

# **Technical Considerations in Developing a Schedule of Support Obligations**

The development of a schedule of child support obligations is fairly complex in that it requires (1) the use of multiple data sources (e.g., Consumer Expenditure Surveys); (2) decisions about how to treat certain classes of expenditures (e.g., medical care); (3) intermediate calculations (e.g., how to translate expenditures on children to a proportion of net income); and (4) assumptions (e.g., how to estimate expenditures on children, computation of taxes in estimating net income). The purpose of this technical appendix is to explain the procedures used in developing the table of support proportions (i.e., expenditures on children as a proportion of household net income for various levels of income and numbers of children) and, therefore, the proposed Schedule of Basic Child Support Obligations.

## **REALIGN NATIONAL ESTIMATES TO ALABAMA'S INCOME DISTRIBUTION**

Since Alabama has an income structure that is lower than that of the U.S. as a whole, national data are adjusted to take this difference into account. Since definitive research is lacking on the nature and magnitude of any adjustment that should be made, we have adopted an approach that makes an adjustment based on the differences between the Alabama and U.S. income distributions. These differences are seen in Table I-1, which shows the cumulative frequency distribution for U.S. and Alabama families using income data from the 2002 American Community Survey (a survey conducted by the U.S. Census to improve population forecasts between decennial censuses). The table shows that Alabama has a higher proportion of families with lower incomes than the United States. For example, 14 percent of Alabama families have annual incomes below \$15,000, whereas only 9.7 percent of all U.S. families have incomes below this level.

These Census data are used to equate the incomes of Alabama and U.S. families based on equivalent rankings in the income distribution. For example, consider a U.S. family with annual income of \$35,000. Based on Table I-1, they are at the 31.8 percentile of all families (2002 dollars). In Alabama, 31.8 percent of families have annual incomes of \$28,140 per year. This is determined by extrapolating between income intervals shown in Table I-1. (Note that 27.4 percent of the Alabama families have incomes below \$25,000 per year, and 40.2 percent of Alabama Families have incomes below \$35,000 per year, thus the income threshold for 31.8 percent of the families would fall in between the two.) By extension, the proportion of income spent on child-rearing expenditures by an Alabama family with \$28,140 is presumed to be similar to a U.S. family with \$35,000. Using this technique for a range of incomes effectively lowers the proportions of child-rearing expenditures applied to Alabama incomes.



Table I-1

Cumulative Percent of Families With Income below Threshold		
2002 Annual Income Threshold	U.S.	Alabama
\$ 10,000	5.5%	8.2%
\$ 15,000	9.7%	14.0%
\$ 25,000	20.3%	27.4%
\$ 35,000	31.8%	40.2%
\$ 50,000	48.0%	57.6%
\$ 75,000	69.8%	78.8%
\$100,000	82.9%	89.4%
\$150,000	93.9%	96.8%
More than \$150,000	100.0%	100.0%

## PARENTAL EXPENDITURES ON CHILDREN

The effort to build a schedule of support obligations begins with decisions about how to measure parental expenditures on children. Obviously, those expenditures cannot be observed directly, primarily because many expenditures (e.g., shelter, transportation) are shared among household members. For example, in a two-adult, two-child household, what proportion of a new car's cost should be attributed to the children? Since child expenditures cannot be measured directly, an indirect method must be defined to estimate those expenditures. The common element of all the estimation methods is that they attempt to allocate expenditures to the children based on a comparison of expenditure patterns in households with and without children and which are deemed to be equally well off.

There are numerous estimation techniques available and they are described succinctly in a 1990 Lewin/ICF report to the U.S. Department of Health and Human Services. The two techniques that appear to offer the most sound theoretical bases are the Engel and Rothbarth estimators. The Engel approach estimates child expenditures based on total household expenditures on food. Economists believe child expenditure estimates using this approach represent an upper bound to those expenditures. The Rothbarth approach, on the other hand, estimates child expenditures based on the level of household expenditures on adult goods (e.g., adult clothing, alcohol, tobacco). Child expenditures using this approach are believed to represent a lower bound to expenditures. Again, the Lewin/ICF report cited above presents a clear description of the approaches and of their merits and limitations as estimators of child expenditures. The support schedule defined in this report is based on the Rothbarth approach. Specifically, it is based on recent Rothbarth estimates developed by Dr. David Betson, Professor of Economics, University of Notre Dame, using 1996-99 CEX data.

## Data on Household Expenditures

The ideal database for estimating child-rearing expenditures would be one that itemized household consumption expenses by cost category and by each individual in the household. There is no existing database that provides this level of detail. Moreover, since the majority of household expenditures are shared, it is unlikely that such a database will ever exist, if only because it would be impossible to allocate expenditures with any level of precision to individual household members.

The database most commonly used to estimate child expenditures is the Consumer Expenditure Survey (CEX). As the aforementioned Lewin/ICF report says of the CEX, "It is by far the best available source of information for implementing the techniques for estimating expenditures on children...." (p. 3-1). The Espenshade and Rothbarth models presented in this report are based on household expenditure data reported in the CEX.

Even though the CEX may be the best database to estimate child expenditures, it has some limitations that are important to the development of a schedule of child support obligations, especially a schedule based on an income shares concept. They include:

- ❖ Only a few items in the CEX (i.e., adult clothing, alcohol, tobacco) are solely "adult" expenditures;
- ❖ It is impossible to distinguish between "necessary" child care expenses (e.g., those incurred to allow someone to work) from "discretionary" expenses;
- ❖ Medical expenses on children cannot be distinguished from expenses on adult household members; and
- ❖ The CEX likely understates total household income.

The first issue is of concern because the Rothbarth technique estimates child expenditures by examining how adult expenditures are affected by the addition of a child to the household; that is, asking how much of total expenditures is displaced (i.e., transferred from the adults to the children) when a child is added to the household. The precision of the technique would be improved if there were more items that were clearly adult expenses.

The second and third issues are of concern because the support schedule developed for Alabama establishes a "basic" support obligation to which is added the parental share of expenditures for child care and unreimbursed medical expenses. The assumptions used to deal with these limitations are discussed later in this appendix.

The CEX is much like every survey that attempts to capture income information; that is, there is likely to be underreporting or nonreporting of income. Staff at the Bureau of Labor Statistics, which administers the survey, suggest that income reported in the CEX is too low relative to expenditures. There are, however, no theoretically-based methods to adjust income for this problem and so no adjustment is applied.



## **Child Expenditures as a Proportion of Net Income**

Using the Rothbarth estimation technique and CEX data from 1996-99, David Betson computed child expenditures for 1, 2 and 3-child households. These expenditures are related to total consumption spending in the expression  $EC/C$ , where  $EC$  = expenditures on children and  $C$  = total consumption expenditures. In order to estimate  $EC$  as a proportion of net income ( $NI$ ), the relationship between  $NI$  and  $C$  must be computed. This can be done from the CEX because of the detailed itemization of expenditures.

Under the approach used to develop the income shares model, net income is computed independently using CEX data on gross income ( $GI$ ) and on itemized deductions for (1) federal, state and local taxes, including personal property taxes; (2) social security ( $FICA$ ) taxes; and (3) union dues, which are considered to be mandatory employment expenses. Thus,

$$NI = GI - \text{taxes} - FICA - \text{union dues}$$

In relation to consumption, net income is greater by the amount of spending that is not related to current consumption. This includes, for example, spending on contributions, savings, personal insurance and pensions. Included in the category of non-current consumption are principal payments on a home mortgage (interest payments are counted as household consumption) and changes in net worth (i.e., net change in assets - net change in liabilities).

For low income households, consumption expenditures may exceed the net income figure derived by subtracting taxes and other items from gross income. Thus, consumption as a proportion of net income ( $C/NI$ ) exceeds 100 percent. In these instances, the  $C/NI$  ratio is set at 1.0. For example, in Betson's calculations, consumption expenditures exceeded net income for the lowest five income ranges (i.e., all households with annual net incomes below \$30,000 per year in October 2003 dollars). This outcome may be partially related to reported difficulties of measuring income in the CEX as discussed above. As shown in Table I-2 below, the measured ratio of consumption expenditures to net income ranged from 2.9 for households with annual net incomes less than \$10,000 to 0.431 for households with annual net incomes above \$150,000.

Total consumption expenditures are related to net income by the expression  $C/NI$ . Expenditures on children are related to consumption by the expression  $EC/C$ . Multiplying the two expressions provides a ratio of child expenditures to net income ( $EC/NI$ ).

$$EC/C \times C/NI = EC/NI$$

Table I-2

NET INCOME AND CONSUMPTION AT SELECTED NET INCOME INTERVALS				
Net Income Interval (2003 \$)	Income Midpoint (1997\$)	Number of Observations	Consumption Spending (C) (1997)	C/NI
Less than \$10,000	\$4,347	138	2.909	\$12,646
\$10,000 - \$15,000	\$10,868	165	1.633	\$17,748
\$15,000 - \$20,000	\$15,215	190	1.464	\$22,275
\$20,000 - \$25,000	\$19,563	252	1.151	\$22,517
\$25,000 - \$30,000	\$23,910	252	1.049	\$25,081
\$30,000 - \$35,000	\$28,257	234	0.948	\$26,788
\$35,000 - \$40,000	\$32,604	255	0.879	\$28,659
\$40,000 - \$45,000	\$36,952	234	0.912	\$33,700
\$45,000 - \$50,000	\$41,299	219	0.839	\$34,650
\$50,000 - \$60,000	\$47,820	432	0.755	\$36,104
\$60,000 - \$75,000	\$58,688	477	0.72	\$42,255
\$75,000 - \$100,000	\$76,077	344	0.675	\$51,352
\$100,000 - \$125,000	\$97,813	113	0.618	\$60,448
\$125,000 - \$150,000	\$119,549	46	0.536	\$64,078
\$150,000 +	\$209,673	79	0.431	\$90,369

### Treatment of Selected Factors

Specific questions have been raised in other states that have incorporated the Betson-Rothbarth estimates about the treatment of various types of expenditures. Specifically, there have been questions about adjustments for (1) teenage clothing; (2) child care; (3) medical expenses; (4) durable goods, particularly housing; and (5) savings.

#### Teenage Clothing

Clothing expenditures in the CEX for children beyond the age of 15 years are classified with other adult clothing expenditures. Therefore, it is necessary to estimate expenditures for 16-18 year old children based on clothing expenditure data for other children. The Rothbarth clothing cost estimates for teenagers get smaller as the child ages and actually are negative for 16-18 year old children. To correct for this anomaly, Betson assumed that the costs for children ages 13-18 years were the same as the costs for a 12 year old child.

#### Child Care

The proposed Tennessee support schedule presented in this report excludes the costs of child care. Instead, in the child support calculation, the actual costs are prorated between the parents based on their relative



proportions of net income and added to the basic support obligation. There are several reasons for this approach:

- ❖ They represent a large variable expenditure and are not incurred by all households; usually only in households with a working custodial parent and one or more young children.
- ❖ Where child care costs occur, they generally represent a large proportion of total child expenditures, particularly in households with children under 6 years of age.
- ❖ Treating child care costs separately maximizes the custodial parent's marginal benefits of working. If not treated separately, the economic benefits of working are reduced substantially. One of the principles incorporated into the Income Shares model is that the method of computing a child support obligation should not be a deterrent to participation in the work force.

Since the CEX itemizes child care expenditures, an adjustment can be made directly to EC/C. For example, Table I-4 at the end of this appendix shows that for two-child households in the \$30,000-\$35,000 income range, EC/C = 36.91 percent. Child care (CC) as a proportion of consumption for that same income range is 1.82 percent (0.91 percent x 2 children). For this income range, a revised EC/C which excludes child care costs is:

$$\text{Revised EC/C} = 36.91 - 1.82 = 34.28 \text{ percent}$$

### **Medical Expenses**

Like expenses for child care, the proposed Alabama support schedule presented in this report excludes the child's share of costs for some medical expenses, specifically including the costs of health insurance premiums and extraordinary, or unreimbursed medical expenses. There are two principal reasons these costs are excluded from the model:

- ❖ Federal regulations (45 CFR §302.80) require that a state's child support program must establish and enforce medical support orders. Further, Federal regulations (45 CFR §303.31) encourage the state to request that the noncustodial parent carry health insurance that covers the child, if available through the noncustodial parent's employer at a reasonable cost.
- ❖ Unreimbursed medical expenses (i.e., those not covered by or that exceed insurance reimbursement) are highly variable across households and can constitute a large proportion of expenditures on a child. Orthodontia, psychiatric therapy, asthma treatments, and extended physical therapy may be among the expenses not covered.

Deciding what proportion of unreimbursed medical expenses might be considered extraordinary is difficult. We have elected to assume that some unreimbursed medical expenses (e.g., non-prescription medications, well visits to doctors) should be considered routine and not extraordinary. For the purposes of estimating support proportions, extraordinary medical expenses are defined as the amount of expenditures that exceed



\$250 per family member. This amount, deflated to 1997 dollars, was subtracted from the reported costs of unreimbursed medical expenses in computing the proportion of medical expenses that should be considered extraordinary.

While the CEX itemizes unreimbursed medical expenses and health insurance premium costs, it does not allocate expenses to individual household members. Thus, a method must be developed for excluding those expenditures from EC/C. There are two steps in this process. First, the child's share of those medical expenses (M) must be determined. That calculation assumes that the child's share is the same as his/her share of all household expenditures (EC/C). Thus, for a two-child household in the \$30,000-\$35,000 net annual income range, the child's share of these expenses would be 36.91 percent (i.e., EC/C for two children) of 3.09 percent (i.e., medical expenses as a proportion of consumption for a household in that income range). The children's share of medical expenses is therefore 1.14 percent of consumption expenditures. This proportion is subtracted from EC/C to arrive at an adjusted EC/C.

$$\text{Revised EC/C} = 36.91 - 1.14 = 35.77 \text{ percent}$$

### **Durable Goods**

The largest durable goods expenditures are for housing and transportation. Housing costs are treated in the following manner:

- ❖ For housing that is owned or being purchased: only taxes and interest payments are counted as expenditures. Payments of principal are counted as savings.
- ❖ For housing that is rented: all rental costs are counted as consumption expenditures.

The purchase price of an automobile is not counted as an expenditure, however the interest payments made on an automobile loan are counted. This approach may underestimate total expenditures, particularly in the situation where the automobile is purchased for cash. The ideal approach to counting such a purchase would be to include as consumption the rental value of the automobile, not the net purchase price. The rental value, however, cannot be defined by the data.

With regard to other durable goods (e.g., television, toaster oven), their purchase prices are counted as consumption expenditures. The interest payments on consumer debt associated with those purchases are also counted as expenditures, since there is no way to link interest payments to individual purchases. Therefore, there is some double counting of expenditures for these durable goods items.

### **Savings**

Savings are not counted as consumption expenditures. Rather, they are counted as residual expenditures; that is, part of all non-current consumption spending which is the difference between net income and consumption. Income specifically itemized as savings and retirement contributions fall into this residual category. Also, as noted above, the category includes principal payments on home mortgages and the purchase price of automobiles. Since savings are a residual and therefore not calculated independently, there



is no implicit savings rate that is applied to the calculation of expenditures on children as a proportion of net income.

### **High Income**

There is insufficient number of households with high income to measure child-rearing costs among high-income families. When Dr. Betson prepares Table I-2 for the U.S. average, the midpoint of the highest net income bracket is about \$150,000. This amount becomes somewhat skewed when adjusted for Alabama's relatively lower income. In part, this explains the last two income brackets of Table I-2. There was some consideration given to collapsing them because of the small sample sizes, but that would limit the schedule to combined gross incomes equivalent of about \$10,000 net per month and require an extrapolation for incomes above that threshold. In other words, by separating the income brackets, we do not need to do the extrapolation. Nonetheless, because of the small sample size, we only apply the schedule to measurements of child-rearing costs up to \$20,000 gross per month, which is equivalent to \$13,218 net per month.

### **Effect of Adjustments on Proportional Expenditures**

Table I-5 at the end of this appendix illustrates for two children how adjustments for child care expenditures and medical expenses (health insurance and unreimbursed medical costs) are factored into the computation of a proportion that relates expenditures on children to net income. The table uses a two-child household as an example, but the same procedure was applied to one and three-child households using the information presented in Table I-4. Thus, for two-child households in the \$30,000-\$35,000 annual income range, child expenditures were estimated at 36.91 percent of consumption expenditures (EC/C). Child care (CC/C = 1.82 percent of household consumption expenditures) and medical expenses attributable to the child (M/C = 1.14 percent of household consumption expenditures) were subtracted from EC/C. This new amount (33.95 percent) was multiplied by the ratio of household consumption to net income (C/NI = .948) of that net income range. The resulting figure -  $EC^*/NI = 32.18$  percent - relates child expenditures to net income for the \$30,000-\$35,000 net annual income range.

### **Adjustments for the Number of Children**

Betson's estimates of child expenditures for one, two, and three-child households are based on actual household income and expenditure data for 3,121 two-parent families with at least one child under 18 years of age. He did not compute proportions for households with greater numbers of children because of the small sample sizes in the database. Betson computed his proportions for one, two and three-child households in the following manner:

- ❖ Take the midpoint of the annual net income ranges expressed in October 2003 dollars and deflate the amount to 1997 dollars by the Consumer Price Index. The top interval uses the average net income (\$241,157 in 2003 dollars) of households in that interval rather than the midpoint.
- ❖ Multiply the net income midpoint by the average ratio of consumption expenditures to net income. For income ranges where the ratio exceeded 1.0, expenditures were assumed to equal net income.

- ❖ Take the level of annual expenditures and determine what proportion is spent on one, two and three children. Using his Rothbarth estimates, Betson computed the average percentage spent over all the years the children were with their parents. That is, for one child he computed the average over 18 years. For two and three-child households, he assumed that the children differed in age by two years. Thus, for two-child households, he computed the average over a 16-year period when both children were in the household. Similarly, for three-child households, he computed the average over 14 years.

Adjustments to these data were necessary to extend the support proportions for one, two, and three children to four, five, and six-child households. The equivalency scale recommended by the Panel on Poverty and Family Assistance, a panel assembled by the National Research Council to review measures of poverty is used.<sup>1</sup> The recommended formula is:<sup>2</sup>

$$\text{equivalency scale value} = (\text{Number of adults} + 0.7 \times \text{number of children})^{0.7}$$

Using this formula, we arrive at the following equivalency scales: 2.69 for three children; 3.00 for four children; 3.30 for five children; and, 3.59 for six children. In turn, these are converted to multipliers. For example, the multiplier for four children is 1.115 (3.00 divided by 2.69). Based on this method, we also develop multipliers for five and six children. They are displayed in Table I-3.

The multipliers were used as constants for all income ranges. The decreasing size of the multiplier as the number of children increases reflects two phenomena: (1) economies of scale as more children are added to the household (e.g., sharing of household items); and (2) reallocation of expenditures. The reallocation occurs as adults reduce their share of expenditures to provide for more children and as each child's share of expenditures is reduced to accommodate the needs of additional children. That is, as there are more people to share the economic pie, the share for each family member must decrease.

**Table I-3**

<b>Extending the Rothbarth Support Proportions to Four, Five and Six-Child Households</b>	
<b>Number of Children</b>	<b>Rothbarth Multipliers</b>
4	1.115 x 3 child proportion
5	1.100 x 4 child proportion
6	1.088 x 5 child proportion

<sup>1</sup>Constance F. Citro and Robert T. Michael, Editors. *Measuring Poverty: A New Approach*, National Academy Press, Washington, D.C. (1995).

<sup>2</sup>The formula actually states that the value in parentheses should be raised to a power of 0.65 to 0.75. We use 0.70, which is the midpoint of the suggested range.



## TABLE OF SUPPORT PROPORTIONS

The result of the computations and adjustments discussed above is a table of support proportions that relates child expenditures in one to six-child households to various levels of net income. These relationships are displayed in Table I-6 at the end of this appendix.

### Adjusting Income Brackets

The data Betson used for his computations were from the time period 1996 through 1999. The database included both nominal and constant dollar amounts, with the base period being October 1997. In order to develop a table of support proportions aligned to 2003 income ranges, Betson used a Consumer Price Index (CPI-U) inflator and applied it to the 1997 incomes on the database.

### Computing Marginal Proportions

The table of support proportions shown in Table I-6 links the proportion of net income spent on one to six children to different annual net income ranges. The proportions, however, are meant to apply only at the midpoints of each income range. In order to obtain a smooth transition in support obligations between income ranges, marginal proportions were computed. This adjustment eliminates notches in support obligations that would otherwise be created as parents move from one income range to another.

For example, assume we have two, two-child households, one at the \$25,000-\$30,000 net annual range and the second at the next highest range (\$30,000-\$35,000). The proportion of net income spent on the two children in the lower income household is estimated to be 34.68 percent. The comparable proportion in the higher income household is estimated to be 32.18 percent. If actual income in the first household were \$29,900 per year, the total support obligation would be \$10,369 annually ( $\$29,900 \times .3468$ ). If actual income in the second household were \$30,100 per year, the total annual support obligation would be \$9,686 per year ( $\$30,100 \times .3218$ ); \$683 less per year than the support obligation in the lower income household. The use of marginal proportions between the midpoints of income ranges eliminates this effect and creates a smooth increase in the total support obligation as household income increases.

The marginal proportions between income midpoints are established by computing the support obligation at the two midpoints and dividing the difference in the support obligation amounts by the income difference between the two midpoints. For example, the marginal proportion between the midpoints of the above income ranges, \$32,500 and \$37,500 net income for two-child households, would be computed in the following manner:



	Annual Net Income Ranges	
Income midpoints	\$27,500	\$32,500
Midpoint difference	\$5,000	
Support proportion	34.68%	32.18%
Support obligation	\$9,537	\$10,459
Obligation difference	\$922	
Marginal proportion	18.44%	

Using the example above of one two-child household with \$29,900 and another with \$30,100 of annual net income, support obligations using the marginal proportion approach results in a annual support obligation for the lower income household of \$9,980 (\$832 per month) compared to \$10,016 for the higher income household (\$835 per month).

### Translating Gross to Net Income

Since the table of support proportions is defined in terms of net income, it can be applied regardless of how tax structures change. To use the table to develop a schedule of support obligations, however, requires that the tax structure be defined so that net income can be calculated. It would, of course, be possible to discard the support schedule and use the table of support proportions to compute a support obligation for each individual household. This approach would be able to accommodate the unique tax situation of each household. Yet, it would also involve complexities in terms of the time required to gather all the relevant information and the staff to administer the process.

The support schedule defined in this report represents a general approach to computing support obligations that can be applied quickly and easily. As with other general approaches, however, it has limitations, the greatest being that it requires assumptions about how to measure gross income and how to estimate net income from a given gross income.

### Measuring Gross Income

The assumptions made about gross income are that it is all taxable and that it is taxable at the same rate. That is, all income is treated as if it is earned income subject to federal withholding and FICA taxes. Tax rates prevailing in 2004 were used to convert gross income to net.

The following sources and assumptions were used to estimate taxes for a given gross income. The percentage tax schedule used by employers to withhold income tax and FICA was the basis for calculating withholding.

- ❖ Using the employer schedule, taxes are computed assuming (1) all income is earned by the non-custodial parent (i.e., the tax rates for a single person are used); and 2) two withholding allowances, based on instructions in the employer tax guide. (The use of two withholding allowances simulates the effect of one standard deduction and one exemption allowed when filing personal income tax returns). Income



tax and FICA rates defined in the 2004 employer schedule were used to estimate total taxes on a given gross income.

- ❖ State income taxes are computed using the formula from Withholding Tax Tables and Instructions for Employers and Withholding Agents, assuming one personal exemption and one standard deduction.
- ❖ Beginning in calendar year 1994, the Earned Income Tax Credit is available to single wage earners. However, in 2004, the advanced credit is not available for individuals without qualifying children.

### **Impact of Assumptions on Net Income**

If anything, the generalized approach to computing net income from gross income underestimates total household net income. The reason is that accounting for the income of two parents and/or additional exemptions for children reduces total income taxes and thus increases net income. The result is that total support obligations using the table of support proportions are usually higher when an attempt is made to accommodate the actual tax situation of individual households.

### **Self Support Reserve**

In addition to the table of support proportions and the table converting gross to net income, a third factor affects obligations shown in the support schedule. That is, the schedule includes an adjustment for low-income obligors to ensure that net income after payment of the support obligation does not fall below a minimum threshold. The threshold is a self support reserve so that the obligor is able to maintain a minimum standard of living. The self support reserve in the proposed Schedule (\$748 per month net) equals the 2003 poverty guidelines for one person.

The following procedure is used to incorporate a self support reserve into the support schedule:

Step1: Compute a support obligation using net income and the appropriate proportions from the table.

Step 2: Compute a second obligation using the self support reserve.

- ❖ If, after subtracting the self support reserve from net income, remaining income is less than \$50 per month, a minimum order of \$50 per month is presumed.
- ❖ If the remaining income is greater than \$50, then compute the following: subtract from net income the amount of the self support reserve and multiply the difference by a proportion ranging from .90 for one child to .95 for six children (increasing by .01 for each additional child).

Step 3: Compare the amounts from the two computations and take the lower amount as the support obligation.

The multiplication in Step 2 is included to ensure that: (1) the marginal tax rate on increasing earnings is less than 100 percent (i.e., there is a continued incentive to work); and (2) the support obligation increases slightly



as the number of children due support increases. This latter factor assumes that obligors with more children should incur a higher obligation than obligors with fewer children.

The effect of the adjustment for a self support reserve is that obligations using the table of support proportions are phased into the support schedule gradually. For example, in this report the table of support proportions is fully applied only above \$1,200 per month for one child, \$1,450 per month for two children, \$1,600 per month for three children, \$1,750 per month for four children, \$1,950 per month for five children, and \$2,150 per month for six children.

Table I-4

Net Income Ranges	Consumption as a % of Net Income	Expenditures on Children as a % of Total Consumption Expenditures (Rothbarth Parameters)			Child Care \$ as a % of Consumption (per child)	Medical \$ as a % of Consumption
		Parental Expenditures on Children				
		One Child	Two Children	Three Children		
Less than \$10,000	283.5%	27.40%	38.60%	45.00%	.24%	2.56%
\$10,000 - \$15,000	159.9%	26.75%	38.08%	44.34%	.57%	1.70%
\$15,000 - \$20,000	130.2%	26.64%	37.85%	44.03%	.68%	2.58%
\$20,000 - \$25,000	111.3%	26.52%	37.59%	43.82%	.75%	2.71%
\$25,000 - \$30,000	101.4%	26.36%	37.25%	43.45%	.71%	3.09%
\$30,000 - \$35,000	94.9%	26.20%	36.91%	43.00%	1.15%	3.00%
\$35,000 - \$40,000	89.6%	26.06%	36.67%	42.67%	1.38%	2.99%
\$40,000 - \$45,000	89.6%	25.85%	36.30%	42.17%	1.53%	3.65%
\$45,000 - \$50,000	84.7%	25.74%	36.13%	41.92%	1.61%	3.37%
\$50,000 - \$60,000	75.4%	25.68%	36.03%	41.78%	1.77%	2.72%
\$60,000 - \$75,000	71.9%	25.42%	35.45%	40.97%	1.74%	2.86%
\$75,000 - \$100,000	66.8%	25.06%	34.70%	40.05%	1.38%	3.02%
\$100,000 - \$125,000	62.7%	24.60%	33.92%	38.93%	1.72%	3.04%
\$125,000 - \$150,000	54.2%	24.47%	33.67%	38.57%	1.78%	2.26%
\$150,000 +	43.3%	23.57%	32.04%	36.33%	1.95%	2.39%

Table I-5

<b>CHILD EXPENDITURES AS A PROPORTION OF NET INCOME</b> Based on Betson/Rothbarth Estimates					
<b>Net Income Range</b>	<b>EC/C</b> (2 children)	<b>CC/C</b>	<b>M/C</b>	<b>C/NI</b>	<b>EC*/NI</b>
Less than \$10,000	38.60%	0.48%	0.99%	>1.0	37.13%
\$10,000 - \$15,000	38.08%	1.14%	0.65%	>1.0	36.29%
\$15,000 - \$20,000	37.85%	1.36%	0.98%	>1.0	35.51%
\$20,000 - \$25,000	37.59%	1.50%	1.02%	>1.0	35.07%
\$25,000 - \$30,000	37.25%	1.42%	1.15%	>1.0	34.68%
\$30,000 - \$35,000	36.91%	2.30%	1.11%	94.9%	31.79%
\$35,000 - \$40,000	36.67%	2.76%	1.10%	89.6%	29.40%
\$40,000 - \$45,000	36.30%	3.06%	1.33%	89.6%	28.60%
\$45,000 - \$50,000	36.13%	3.22%	1.22%	84.7%	26.84%
\$50,000 - \$60,000	36.03%	3.54%	0.98%	75.4%	23.76%
\$60,000 - \$75,000	35.45%	3.48%	1.01%	71.9%	22.26%
\$75,000 - \$100,000	34.70%	2.76%	1.05%	66.8%	20.64%
\$100,000 - \$125,000	33.92%	3.44%	1.03%	62.7%	18.46%
\$125,000 - \$150,000	33.67%	3.56%	0.76%	54.2%	15.91%
\$150,000 +	32.04%	3.90%	0.77%	43.3%	11.85%

EC/C = Expenditures on children as a proportion of consumption expenditures

CC/C = Child care expenditures as a proportion of consumption expenditures

M/C = Medical expenditures as a proportion of consumption expenditures

C/NI = Consumption expenditures as a function of net income

EC\*/NI = Adjusted expenditures on children as a proportion of net income

EC\*/NI = (EC/C - CC/C - M/C) x C/NI

Table I-6

TABLE OF SUPPORT PROPORTIONS Rothbarth Parameters						
Net Income Ranges	Number of Children					
	One	Two	Three	Four	Five	Six
Less than \$10,000	0.2646	0.3713	0.4313	0.4809	0.5290	0.5755
\$10,000 - \$15,000	0.2573	0.3629	0.4188	0.4669	0.5136	0.5588
\$15,000 - \$20,000	0.2527	0.3551	0.4085	0.4555	0.5011	0.5452
\$20,000 - \$25,000	0.2505	0.3507	0.4038	0.4503	0.4953	0.5389
\$25,000 - \$30,000	0.2484	0.3468	0.3998	0.4457	0.4903	0.5335
\$30,000 - \$35,000	0.2303	0.3179	0.3631	0.4048	0.4453	0.4845
\$35,000 - \$40,000	0.2142	0.2940	0.3338	0.3722	0.4094	0.4454
\$40,000 - \$45,000	0.2095	0.2860	0.3229	0.3601	0.3961	0.4309
\$45,000 - \$50,000	0.1970	0.2684	0.3022	0.3369	0.3706	0.4032
\$50,000 - \$60,000	0.1750	0.2376	0.2664	0.2971	0.3268	0.3555
\$60,000 - \$75,000	0.1650	0.2226	0.2486	0.2772	0.3049	0.3318
\$75,000 - \$100,000	0.1531	0.2064	0.2318	0.2585	0.2843	0.3093
\$100,000 - \$125,000	0.1388	0.1846	0.2043	0.2278	0.2506	0.2726
\$125,000 - \$150,000	0.1200	0.1591	0.1754	0.1956	0.2151	0.2340
\$150,000 +	0.0912	0.1185	0.1282	0.1430	0.1573	0.1711



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## **Appendix II Gross to Net Income Conversion Table**



**Alabama**  
**2004 FEDERAL AND STATE TAXES**  
**GROSS TO NET INCOME CONVERSION TABLE**

Gross Income Range		Taxable Income	Federal Tax	AL Taxable Income	AL StateTax	FICA	Total Taxes	Net Monthly Income	
525.00	-	574.99	33.34	0.00	315.00	14.49	42.08	56.57	493.43
575.00	-	624.99	83.34	0.00	355.00	16.49	45.90	62.39	537.61
625.00	-	674.99	133.34	0.00	395.00	18.49	49.73	68.22	581.78
675.00	-	724.99	183.34	0.00	435.00	20.49	53.55	74.04	625.96
725.00	-	774.99	233.34	1.23	473.77	22.43	57.38	81.04	668.96
775.00	-	824.99	283.34	6.23	508.77	24.18	61.20	91.62	708.38
825.00	-	874.99	333.34	11.23	547.10	26.10	65.03	102.36	747.64
875.00	-	924.99	383.34	16.23	592.10	28.35	68.85	113.43	786.57
925.00	-	974.99	433.34	21.23	637.10	30.60	72.68	124.51	825.49
975.00	-	1024.99	483.34	26.23	682.10	32.85	76.50	135.58	864.42
1025.00	-	1074.99	533.34	31.23	727.10	35.10	80.33	146.66	903.34
1075.00	-	1124.99	583.34	36.23	772.10	37.35	84.15	157.73	942.27
1125.00	-	1174.99	633.34	41.23	817.10	39.60	87.98	168.81	981.19
1175.00	-	1224.99	683.34	46.23	862.10	41.85	91.80	179.88	1020.12
1225.00	-	1274.99	733.34	51.23	907.10	44.10	95.63	190.96	1059.04
1275.00	-	1324.99	783.34	56.23	952.10	46.35	99.45	202.03	1097.97
1325.00	-	1374.99	833.34	62.50	995.83	48.53	103.28	214.31	1135.69
1375.00	-	1424.99	883.34	70.00	1038.33	50.66	107.10	227.76	1172.24
1425.00	-	1474.99	933.34	77.50	1080.83	52.78	110.93	241.21	1208.79
1475.00	-	1524.99	983.34	85.00	1123.33	54.91	114.75	254.66	1245.34
1525.00	-	1574.99	1033.34	92.50	1165.83	57.03	118.58	268.11	1281.89
1575.00	-	1624.99	1083.34	100.00	1208.33	59.16	122.40	281.56	1318.44
1625.00	-	1674.99	1133.34	107.50	1250.83	61.28	126.23	295.01	1354.99
1675.00	-	1724.99	1183.34	115.00	1293.33	63.41	130.05	308.46	1391.54
1725.00	-	1774.99	1233.34	122.50	1335.83	65.53	133.88	321.91	1428.09
1775.00	-	1824.99	1283.34	130.00	1378.33	67.66	137.70	335.36	1464.64
1825.00	-	1874.99	1333.34	137.50	1420.83	69.78	141.53	348.81	1501.19
1875.00	-	1924.99	1383.34	145.00	1463.33	71.91	145.35	362.26	1537.74
1925.00	-	1974.99	1433.34	152.50	1505.83	74.03	149.18	375.71	1574.29
1975.00	-	2024.99	1483.34	160.00	1548.33	76.16	153.00	389.16	1610.84
2025.00	-	2074.99	1533.34	167.50	1590.83	78.28	156.83	402.61	1647.39
2075.00	-	2124.99	1583.34	175.00	1633.33	80.41	160.65	416.06	1683.94
2125.00	-	2174.99	1633.34	182.50	1675.83	82.53	164.48	429.51	1720.49
2175.00	-	2224.99	1683.34	190.00	1718.33	84.66	168.30	442.96	1757.04
2225.00	-	2274.99	1733.34	197.50	1760.83	86.78	172.13	456.41	1793.59
2275.00	-	2324.99	1783.34	205.00	1803.33	88.91	175.95	469.86	1830.14
2325.00	-	2374.99	1833.34	212.50	1845.83	91.03	179.78	483.31	1866.69
2375.00	-	2424.99	1883.34	220.00	1888.33	93.16	183.60	496.76	1903.24
2425.00	-	2474.99	1933.34	227.50	1930.83	95.28	187.43	510.21	1939.79
2475.00	-	2524.99	1983.34	235.00	1973.33	97.41	191.25	523.66	1976.34
2525.00	-	2574.99	2033.34	242.50	2015.83	99.53	195.08	537.11	2012.89
2575.00	-	2624.99	2083.34	250.00	2058.33	101.66	198.90	550.56	2049.44
2625.00	-	2674.99	2133.34	257.50	2100.83	103.78	202.73	564.01	2085.99

**Alabama**  
**2004 FEDERAL AND STATE TAXES**  
**GROSS TO NET INCOME CONVERSION TABLE**

Gross Income Range		Taxable Income	Federal Tax	AL Taxable Income	AL StateTax	FICA	Total Taxes	Net Monthly Income	
2675.00	-	2724.99	2183.34	265.00	2143.33	105.91	206.55	577.46	2122.54
2725.00	-	2774.99	2233.34	272.50	2185.83	108.03	210.38	590.91	2159.09
2775.00	-	2824.99	2283.34	280.00	2228.33	110.16	214.20	604.36	2195.64
2825.00	-	2874.99	2333.34	287.50	2270.83	112.28	218.03	617.81	2232.19
2875.00	-	2924.99	2383.34	295.00	2313.33	114.41	221.85	631.26	2268.74
2925.00	-	2974.99	2433.34	302.50	2355.83	116.53	225.68	644.71	2305.29
2975.00	-	3024.99	2483.34	310.00	2398.33	118.66	229.50	658.16	2341.84
3025.00	-	3074.99	2533.34	317.50	2440.83	120.78	233.33	671.61	2378.39
3075.00	-	3124.99	2583.34	326.64	2481.70	122.83	237.15	686.61	2413.39
3125.00	-	3174.99	2633.34	339.14	2519.20	124.70	240.98	704.81	2445.19
3175.00	-	3224.99	2683.34	351.64	2556.70	126.58	244.80	723.01	2476.99
3225.00	-	3274.99	2733.34	364.14	2594.20	128.45	248.63	741.21	2508.79
3275.00	-	3324.99	2783.34	376.64	2631.70	130.33	252.45	759.41	2540.59
3325.00	-	3374.99	2833.34	389.14	2669.20	132.20	256.28	777.61	2572.39
3375.00	-	3424.99	2883.34	401.64	2706.70	134.08	260.10	795.81	2604.19
3425.00	-	3474.99	2933.34	414.14	2744.20	135.95	263.93	814.01	2635.99
3475.00	-	3524.99	2983.34	426.64	2781.70	137.83	267.75	832.21	2667.79
3525.00	-	3574.99	3033.34	439.14	2819.20	139.70	271.58	850.41	2699.59
3575.00	-	3624.99	3083.34	451.64	2856.70	141.58	275.40	868.61	2731.39
3625.00	-	3674.99	3133.34	464.14	2894.20	143.45	279.23	886.81	2763.19
3675.00	-	3724.99	3183.34	476.64	2931.70	145.33	283.05	905.01	2794.99
3725.00	-	3774.99	3233.34	489.14	2969.20	147.20	286.88	923.21	2826.79
3775.00	-	3824.99	3283.34	501.64	3006.70	149.08	290.70	941.41	2858.59
3825.00	-	3874.99	3333.34	514.14	3044.20	150.95	294.53	959.61	2890.39
3875.00	-	3924.99	3383.34	526.64	3081.70	152.83	298.35	977.81	2922.19
3925.00	-	3974.99	3433.34	539.14	3119.20	154.70	302.18	996.01	2953.99
3975.00	-	4024.99	3483.34	551.64	3156.70	156.58	306.00	1014.21	2985.79
4025.00	-	4074.99	3533.34	564.14	3194.20	158.45	309.83	1032.41	3017.59
4075.00	-	4124.99	3583.34	576.64	3231.70	160.33	313.65	1050.61	3049.39
4125.00	-	4174.99	3633.34	589.14	3269.20	162.20	317.48	1068.81	3081.19
4175.00	-	4224.99	3683.34	601.64	3306.70	164.08	321.30	1087.01	3112.99
4225.00	-	4274.99	3733.34	614.14	3344.20	165.95	325.13	1105.21	3144.79
4275.00	-	4324.99	3783.34	626.64	3381.70	167.83	328.95	1123.41	3176.59
4325.00	-	4374.99	3833.34	639.14	3419.20	169.70	332.78	1141.61	3208.39
4375.00	-	4424.99	3883.34	651.64	3456.70	171.58	336.60	1159.81	3240.19
4425.00	-	4474.99	3933.34	664.14	3494.20	173.45	340.43	1178.01	3271.99
4475.00	-	4524.99	3983.34	676.64	3531.70	175.33	344.25	1196.21	3303.79
4525.00	-	4574.99	4033.34	689.14	3569.20	177.20	348.08	1214.41	3335.59
4575.00	-	4624.99	4083.34	701.64	3606.70	179.08	351.90	1232.61	3367.39
4625.00	-	4674.99	4133.34	714.14	3644.20	180.95	355.73	1250.81	3399.19
4675.00	-	4724.99	4183.34	726.64	3681.70	182.83	359.55	1269.01	3430.99
4725.00	-	4774.99	4233.34	739.14	3719.20	184.70	363.38	1287.21	3462.79
4775.00	-	4824.99	4283.34	751.64	3756.70	186.58	367.20	1305.41	3494.59

**Alabama**  
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Gross Income Range		Taxable Income	Federal Tax	AL Taxable Income	AL StateTax	FICA	Total Taxes	Net Monthly Income	
4825.00	-	4874.99	4333.34	764.14	3794.20	188.45	371.03	1323.61	3526.39
4875.00	-	4924.99	4383.34	776.64	3831.70	190.33	374.85	1341.81	3558.19
4925.00	-	4974.99	4433.34	789.14	3869.20	192.20	378.68	1360.01	3589.99
4975.00	-	5024.99	4483.34	801.64	3906.70	194.08	382.50	1378.21	3621.79
5025.00	-	5074.99	4533.34	814.14	3944.20	195.95	386.33	1396.41	3653.59
5075.00	-	5124.99	4583.34	826.64	3981.70	197.83	390.15	1414.61	3685.39
5125.00	-	5174.99	4633.34	839.14	4019.20	199.70	393.98	1432.81	3717.19
5175.00	-	5224.99	4683.34	851.64	4056.70	201.58	397.80	1451.01	3748.99
5225.00	-	5274.99	4733.34	864.14	4094.20	203.45	401.63	1469.21	3780.79
5275.00	-	5324.99	4783.34	876.64	4131.70	205.33	405.45	1487.41	3812.59
5325.00	-	5374.99	4833.34	889.14	4169.20	207.20	409.28	1505.61	3844.39
5375.00	-	5424.99	4883.34	901.64	4206.70	209.08	413.10	1523.81	3876.19
5425.00	-	5474.99	4933.34	914.14	4244.20	210.95	416.93	1542.01	3907.99
5475.00	-	5524.99	4983.34	926.64	4281.70	212.83	420.75	1560.21	3939.79
5525.00	-	5574.99	5033.34	939.14	4319.20	214.70	424.58	1578.41	3971.59
5575.00	-	5624.99	5083.34	951.64	4356.70	216.58	428.40	1596.61	4003.39
5625.00	-	5674.99	5133.34	964.14	4394.20	218.45	432.23	1614.81	4035.19
5675.00	-	5724.99	5183.34	976.64	4431.70	220.33	436.05	1633.01	4066.99
5725.00	-	5774.99	5233.34	989.14	4469.20	222.20	439.88	1651.21	4098.79
5775.00	-	5824.99	5283.34	1001.64	4506.70	224.08	443.70	1669.41	4130.59
5825.00	-	5874.99	5333.34	1014.14	4544.20	225.95	447.53	1687.61	4162.39
5875.00	-	5924.99	5383.34	1026.64	4581.70	227.83	451.35	1705.81	4194.19
5925.00	-	5974.99	5433.34	1039.14	4619.20	229.70	455.18	1724.01	4225.99
5975.00	-	6024.99	5483.34	1051.64	4656.70	231.58	459.00	1742.21	4257.79
6025.00	-	6074.99	5533.34	1064.14	4694.20	233.45	462.83	1760.41	4289.59
6075.00	-	6124.99	5583.34	1076.64	4731.70	235.33	466.65	1778.61	4321.39
6125.00	-	6174.99	5633.34	1089.14	4769.20	237.20	470.48	1796.81	4353.19
6175.00	-	6224.99	5683.34	1101.64	4806.70	239.08	474.30	1815.01	4384.99
6225.00	-	6274.99	5733.34	1114.90	4843.43	240.92	478.13	1833.94	4416.06
6275.00	-	6324.99	5783.34	1128.90	4879.43	242.72	481.95	1853.56	4446.44
6325.00	-	6374.99	5833.34	1142.90	4915.43	244.52	485.78	1873.19	4476.81
6375.00	-	6424.99	5883.34	1156.90	4951.43	246.32	489.60	1892.81	4507.19
6425.00	-	6474.99	5933.34	1170.90	4987.43	248.12	493.43	1912.44	4537.56
6475.00	-	6524.99	5983.34	1184.90	5023.43	249.92	497.25	1932.06	4567.94
6525.00	-	6574.99	6033.34	1198.90	5059.43	251.72	501.08	1951.69	4598.31
6575.00	-	6624.99	6083.34	1212.90	5095.43	253.52	504.90	1971.31	4628.69
6625.00	-	6674.99	6133.34	1226.90	5131.43	255.32	508.73	1990.94	4659.06
6675.00	-	6724.99	6183.34	1240.90	5167.43	257.12	512.55	2010.56	4689.44
6725.00	-	6774.99	6233.34	1254.90	5203.43	258.92	516.38	2030.19	4719.81
6775.00	-	6824.99	6283.34	1268.90	5239.43	260.72	520.20	2049.81	4750.19
6825.00	-	6874.99	6333.34	1282.90	5275.43	262.52	524.03	2069.44	4780.56
6875.00	-	6924.99	6383.34	1296.90	5311.43	264.32	527.85	2089.06	4810.94
6925.00	-	6974.99	6433.34	1310.90	5347.43	266.12	531.68	2108.69	4841.31

**Alabama**  
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Gross Income Range		Taxable Income	Federal Tax	AL Taxable Income	AL StateTax	FICA	Total Taxes	Net Monthly Income	
6975.00	-	7024.99	6483.34	1324.90	5383.43	267.92	535.50	2128.31	4871.69
7025.00	-	7074.99	6533.34	1338.90	5419.43	269.72	539.33	2147.94	4902.06
7075.00	-	7124.99	6583.34	1352.90	5455.43	271.52	543.15	2167.56	4932.44
7125.00	-	7174.99	6633.34	1366.90	5491.43	273.32	546.98	2187.19	4962.81
7175.00	-	7224.99	6683.34	1380.90	5527.43	275.12	550.80	2206.81	4993.19
7225.00	-	7274.99	6733.34	1394.90	5563.43	276.92	554.63	2226.44	5023.56
7275.00	-	7324.99	6783.34	1408.90	5599.43	278.72	558.45	2246.06	5053.94
7325.00	-	7374.99	6833.34	1422.90	5635.43	280.52	560.72	2264.13	5085.87
7375.00	-	7424.99	6883.34	1436.90	5671.43	282.32	561.45	2280.66	5119.34
7425.00	-	7474.99	6933.34	1450.90	5707.43	284.12	562.17	2297.18	5152.82
7475.00	-	7524.99	6983.34	1464.90	5743.43	285.92	562.90	2313.71	5186.29
7525.00	-	7574.99	7033.34	1478.90	5779.43	287.72	563.62	2330.23	5219.77
7575.00	-	7624.99	7083.34	1492.90	5815.43	289.52	564.35	2346.76	5253.24
7625.00	-	7674.99	7133.34	1506.90	5851.43	291.32	565.07	2363.28	5286.72
7675.00	-	7724.99	7183.34	1520.90	5887.43	293.12	565.80	2379.81	5320.19
7725.00	-	7774.99	7233.34	1534.90	5923.43	294.92	566.52	2396.33	5353.67
7775.00	-	7824.99	7283.34	1548.90	5959.43	296.72	567.25	2412.86	5387.14
7825.00	-	7874.99	7333.34	1562.90	5995.43	298.52	567.97	2429.38	5420.62
7875.00	-	7924.99	7383.34	1576.90	6031.43	300.32	568.70	2445.91	5454.09
7925.00	-	7974.99	7433.34	1590.90	6067.43	302.12	569.42	2462.43	5487.57
7975.00	-	8024.99	7483.34	1604.90	6103.43	303.92	570.15	2478.96	5521.04
8025.00	-	8074.99	7533.34	1618.90	6139.43	305.72	570.87	2495.48	5554.52
8075.00	-	8124.99	7583.34	1632.90	6175.43	307.52	571.60	2512.01	5587.99
8125.00	-	8174.99	7633.34	1646.90	6211.43	309.32	572.32	2528.53	5621.47
8175.00	-	8224.99	7683.34	1660.90	6247.43	311.12	573.05	2545.06	5654.94
8225.00	-	8274.99	7733.34	1674.90	6283.43	312.92	573.77	2561.58	5688.42
8275.00	-	8324.99	7783.34	1688.90	6319.43	314.72	574.50	2578.11	5721.89
8325.00	-	8374.99	7833.34	1702.90	6355.43	316.52	575.22	2594.63	5755.37
8375.00	-	8424.99	7883.34	1716.90	6391.43	318.32	575.95	2611.16	5788.84
8425.00	-	8474.99	7933.34	1730.90	6427.43	320.12	576.67	2627.68	5822.32
8475.00	-	8524.99	7983.34	1744.90	6463.43	321.92	577.40	2644.21	5855.79
8525.00	-	8574.99	8033.34	1758.90	6499.43	323.72	578.12	2660.73	5889.27
8575.00	-	8624.99	8083.34	1772.90	6535.43	325.52	578.85	2677.26	5922.74
8625.00	-	8674.99	8133.34	1786.90	6571.43	327.32	579.57	2693.78	5956.22
8675.00	-	8724.99	8183.34	1800.90	6607.43	329.12	580.30	2710.31	5989.69
8725.00	-	8774.99	8233.34	1814.90	6643.43	330.92	581.02	2726.83	6023.17
8775.00	-	8824.99	8283.34	1828.90	6679.43	332.72	581.75	2743.36	6056.64
8825.00	-	8874.99	8333.34	1842.90	6715.43	334.52	582.47	2759.88	6090.12
8875.00	-	8924.99	8383.34	1856.90	6751.43	336.32	583.20	2776.41	6123.59
8925.00	-	8974.99	8433.34	1870.90	6787.43	338.12	583.92	2792.93	6157.07
8975.00	-	9024.99	8483.34	1884.90	6823.43	339.92	584.65	2809.46	6190.54
9025.00	-	9074.99	8533.34	1898.90	6859.43	341.72	585.37	2825.98	6224.02
9075.00	-	9124.99	8583.34	1912.90	6895.43	343.52	586.10	2842.51	6257.49

**Alabama**  
**2004 FEDERAL AND STATE TAXES**  
**GROSS TO NET INCOME CONVERSION TABLE**

Gross Income Range		Taxable Income	Federal Tax	AL Taxable Income	AL StateTax	FICA	Total Taxes	Net Monthly Income	
9125.00	-	9174.99	8633.34	1926.90	6931.43	345.32	586.82	2859.03	6290.97
9175.00	-	9224.99	8683.34	1940.90	6967.43	347.12	587.55	2875.56	6324.44
9225.00	-	9274.99	8733.34	1954.90	7003.43	348.92	588.27	2892.08	6357.92
9275.00	-	9324.99	8783.34	1968.90	7039.43	350.72	589.00	2908.61	6391.39
9325.00	-	9374.99	8833.34	1982.90	7075.43	352.52	589.72	2925.13	6424.87
9375.00	-	9424.99	8883.34	1996.90	7111.43	354.32	590.45	2941.66	6458.34
9425.00	-	9474.99	8933.34	2010.90	7147.43	356.12	591.17	2958.18	6491.82
9475.00	-	9524.99	8983.34	2024.90	7183.43	357.92	591.90	2974.71	6525.29
9525.00	-	9574.99	9033.34	2038.90	7219.43	359.72	592.62	2991.23	6558.77
9575.00	-	9624.99	9083.34	2052.90	7255.43	361.52	593.35	3007.76	6592.24
9625.00	-	9674.99	9133.34	2066.90	7291.43	363.32	594.07	3024.28	6625.72
9675.00	-	9724.99	9183.34	2080.90	7327.43	365.12	594.80	3040.81	6659.19
9725.00	-	9774.99	9233.34	2094.90	7363.43	366.92	595.52	3057.33	6692.67
9775.00	-	9824.99	9283.34	2108.90	7399.43	368.72	596.25	3073.86	6726.14
9825.00	-	9874.99	9333.34	2122.90	7435.43	370.52	596.97	3090.38	6759.62
9875.00	-	9924.99	9383.34	2136.90	7471.43	372.32	597.70	3106.91	6793.09
9925.00	-	9974.99	9433.34	2150.90	7507.43	374.12	598.42	3123.43	6826.57
9975.00	-	10024.99	9483.34	2164.90	7543.43	375.92	599.15	3139.96	6860.04
10025.00	-	10074.99	9533.34	2178.90	7579.43	377.72	599.87	3156.48	6893.52
10075.00	-	10124.99	9583.34	2192.90	7615.43	379.52	600.60	3173.01	6926.99
10125.00	-	10174.99	9633.34	2206.90	7651.43	381.32	601.32	3189.53	6960.47
10175.00	-	10224.99	9683.34	2220.90	7687.43	383.12	602.05	3206.06	6993.94
10225.00	-	10274.99	9733.34	2234.90	7723.43	384.92	602.77	3222.58	7027.42
10275.00	-	10324.99	9783.34	2248.90	7759.43	386.72	603.50	3239.11	7060.89
10325.00	-	10374.99	9833.34	2262.90	7795.43	388.52	604.22	3255.63	7094.37
10375.00	-	10424.99	9883.34	2276.90	7831.43	390.32	604.95	3272.16	7127.84
10425.00	-	10474.99	9933.34	2290.90	7867.43	392.12	605.67	3288.68	7161.32
10475.00	-	10524.99	9983.34	2304.90	7903.43	393.92	606.40	3305.21	7194.79
10525.00	-	10574.99	10033.34	2318.90	7939.43	395.72	607.12	3321.73	7228.27
10575.00	-	10624.99	10083.34	2332.90	7975.43	397.52	607.85	3338.26	7261.74
10625.00	-	10674.99	10133.34	2346.90	8011.43	399.32	608.57	3354.78	7295.22
10675.00	-	10724.99	10183.34	2360.90	8047.43	401.12	609.30	3371.31	7328.69
10725.00	-	10774.99	10233.34	2374.90	8083.43	402.92	610.02	3387.83	7362.17
10775.00	-	10824.99	10283.34	2388.90	8119.43	404.72	610.75	3404.36	7395.64
10825.00	-	10874.99	10333.34	2402.90	8155.43	406.52	611.47	3420.88	7429.12
10875.00	-	10924.99	10383.34	2416.90	8191.43	408.32	612.20	3437.41	7462.59
10925.00	-	10974.99	10433.34	2430.90	8227.43	410.12	612.92	3453.93	7496.07
10975.00	-	11024.99	10483.34	2444.90	8263.43	411.92	613.65	3470.46	7529.54
11025.00	-	11074.99	10533.34	2458.90	8299.43	413.72	614.37	3486.98	7563.02
11075.00	-	11124.99	10583.34	2472.90	8335.43	415.52	615.10	3503.51	7596.49
11125.00	-	11174.99	10633.34	2486.90	8371.43	417.32	615.82	3520.03	7629.97
11175.00	-	11224.99	10683.34	2500.90	8407.43	419.12	616.55	3536.56	7663.44
11225.00	-	11274.99	10733.34	2514.90	8443.43	420.92	617.27	3553.08	7696.92

**Alabama**  
**2004 FEDERAL AND STATE TAXES**  
**GROSS TO NET INCOME CONVERSION TABLE**

Gross Income Range		Taxable Income	Federal Tax	AL Taxable Income	AL StateTax	FICA	Total Taxes	Net Monthly Income
11275.00	- 11324.99	10783.34	2528.90	8479.43	422.72	618.00	3569.61	7730.39
11325.00	- 11374.99	10833.34	2542.90	8515.43	424.52	618.72	3586.13	7763.87
11375.00	- 11424.99	10883.34	2556.90	8551.43	426.32	619.45	3602.66	7797.34
11425.00	- 11474.99	10933.34	2570.90	8587.43	428.12	620.17	3619.18	7830.82
11475.00	- 11524.99	10983.34	2584.90	8623.43	429.92	620.90	3635.71	7864.29
11525.00	- 11574.99	11033.34	2598.90	8659.43	431.72	621.62	3652.23	7897.77
11575.00	- 11624.99	11083.34	2612.90	8695.43	433.52	622.35	3668.76	7931.24
11625.00	- 11674.99	11133.34	2626.90	8731.43	435.32	623.07	3685.28	7964.72
11675.00	- 11724.99	11183.34	2640.90	8767.43	437.12	623.80	3701.81	7998.19
11725.00	- 11774.99	11233.34	2654.90	8803.43	438.92	624.52	3718.33	8031.67
11775.00	- 11824.99	11283.34	2668.90	8839.43	440.72	625.25	3734.86	8065.14
11825.00	- 11874.99	11333.34	2682.90	8875.43	442.52	625.97	3751.38	8098.62
11875.00	- 11924.99	11383.34	2696.90	8911.43	444.32	626.70	3767.91	8132.09
11925.00	- 11974.99	11433.34	2710.90	8947.43	446.12	627.42	3784.43	8165.57
11975.00	- 12024.99	11483.34	2724.90	8983.43	447.92	628.15	3800.96	8199.04
12025.00	- 12074.99	11533.34	2738.90	9019.43	449.72	628.87	3817.48	8232.52
12075.00	- 12124.99	11583.34	2752.90	9055.43	451.52	629.60	3834.01	8265.99
12125.00	- 12174.99	11633.34	2766.90	9091.43	453.32	630.32	3850.53	8299.47
12175.00	- 12224.99	11683.34	2780.90	9127.43	455.12	631.05	3867.06	8332.94
12225.00	- 12274.99	11733.34	2794.90	9163.43	456.92	631.77	3883.58	8366.42
12275.00	- 12324.99	11783.34	2808.90	9199.43	458.72	632.50	3900.11	8399.89
12325.00	- 12374.99	11833.34	2822.90	9235.43	460.52	633.22	3916.63	8433.37
12375.00	- 12424.99	11883.34	2836.90	9271.43	462.32	633.95	3933.16	8466.84
12425.00	- 12474.99	11933.34	2850.90	9307.43	464.12	634.67	3949.68	8500.32
12475.00	- 12524.99	11983.34	2864.90	9343.43	465.92	635.40	3966.21	8533.79
12525.00	- 12574.99	12033.34	2878.90	9379.43	467.72	636.12	3982.73	8567.27
12575.00	- 12624.99	12083.34	2892.90	9415.43	469.52	636.85	3999.26	8600.74
12625.00	- 12674.99	12133.34	2906.90	9451.43	471.32	637.57	4015.78	8634.22
12675.00	- 12724.99	12183.34	2920.90	9487.43	473.12	638.30	4032.31	8667.69
12725.00	- 12774.99	12233.34	2934.90	9523.43	474.92	639.02	4048.83	8701.17
12775.00	- 12824.99	12283.34	2948.90	9559.43	476.72	639.75	4065.36	8734.64
12825.00	- 12874.99	12333.34	2962.90	9595.43	478.52	640.47	4081.88	8768.12
12875.00	- 12924.99	12383.34	2976.90	9631.43	480.32	641.20	4098.41	8801.59
12925.00	- 12974.99	12433.34	2992.96	9665.37	482.01	641.92	4116.90	8833.10
12975.00	- 13024.99	12483.34	3009.46	9698.87	483.69	642.65	4135.80	8864.20
13025.00	- 13074.99	12533.34	3025.96	9732.37	485.36	643.37	4154.70	8895.30
13075.00	- 13124.99	12583.34	3042.46	9765.87	487.04	644.10	4173.60	8926.40
13125.00	- 13174.99	12633.34	3058.96	9799.37	488.71	644.82	4192.50	8957.50
13175.00	- 13224.99	12683.34	3075.46	9832.87	490.39	645.55	4211.40	8988.60
13225.00	- 13274.99	12733.34	3091.96	9866.37	492.06	646.27	4230.30	9019.70
13275.00	- 13324.99	12783.34	3108.46	9899.87	493.74	647.00	4249.20	9050.80
13325.00	- 13374.99	12833.34	3124.96	9933.37	495.41	647.72	4268.10	9081.90
13375.00	- 13424.99	12883.34	3141.46	9966.87	497.09	648.45	4287.00	9113.00

**Alabama**  
**2004 FEDERAL AND STATE TAXES**  
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Gross Income Range		Taxable Income	Federal Tax	AL Taxable Income	AL StateTax	FICA	Total Taxes	Net Monthly Income
13425.00	- 13474.99	12933.34	3157.96	10000.37	498.76	649.17	4305.90	9144.10
13475.00	- 13524.99	12983.34	3174.46	10033.87	500.44	649.90	4324.80	9175.20
13525.00	- 13574.99	13033.34	3190.96	10067.37	502.11	650.62	4343.70	9206.30
13575.00	- 13624.99	13083.34	3207.46	10100.87	503.79	651.35	4362.60	9237.40
13625.00	- 13674.99	13133.34	3223.96	10134.37	505.46	652.07	4381.50	9268.50
13675.00	- 13724.99	13183.34	3240.46	10167.87	507.14	652.80	4400.40	9299.60
13725.00	- 13774.99	13233.34	3256.96	10201.37	508.81	653.52	4419.30	9330.70
13775.00	- 13824.99	13283.34	3273.46	10234.87	510.49	654.25	4438.20	9361.80
13825.00	- 13874.99	13333.34	3289.96	10268.37	512.16	654.97	4457.10	9392.90
13875.00	- 13924.99	13383.34	3306.46	10301.87	513.84	655.70	4476.00	9424.00
13925.00	- 13974.99	13433.34	3322.96	10335.37	515.51	656.42	4494.90	9455.10
13975.00	- 14024.99	13483.34	3339.46	10368.87	517.19	657.15	4513.80	9486.20
14025.00	- 14074.99	13533.34	3355.96	10402.37	518.86	657.87	4532.70	9517.30
14075.00	- 14124.99	13583.34	3372.46	10435.87	520.54	658.60	4551.60	9548.40
14125.00	- 14174.99	13633.34	3388.96	10469.37	522.21	659.32	4570.50	9579.50
14175.00	- 14224.99	13683.34	3405.46	10502.87	523.89	660.05	4589.40	9610.60
14225.00	- 14274.99	13733.34	3421.96	10536.37	525.56	660.77	4608.30	9641.70
14275.00	- 14324.99	13783.34	3438.46	10569.87	527.24	661.50	4627.20	9672.80
14325.00	- 14374.99	13833.34	3454.96	10603.37	528.91	662.22	4646.10	9703.90
14375.00	- 14424.99	13883.34	3471.46	10636.87	530.59	662.95	4665.00	9735.00
14425.00	- 14474.99	13933.34	3487.96	10670.37	532.26	663.67	4683.90	9766.10
14475.00	- 14524.99	13983.34	3504.46	10703.87	533.94	664.40	4702.80	9797.20
14525.00	- 14574.99	14033.34	3520.96	10737.37	535.61	665.12	4721.70	9828.30
14575.00	- 14624.99	14083.34	3537.46	10770.87	537.29	665.85	4740.60	9859.40
14625.00	- 14674.99	14133.34	3553.96	10804.37	538.96	666.57	4759.50	9890.50
14675.00	- 14724.99	14183.34	3570.46	10837.87	540.64	667.30	4778.40	9921.60
14725.00	- 14774.99	14233.34	3586.96	10871.37	542.31	668.02	4797.30	9952.70
14775.00	- 14824.99	14283.34	3603.46	10904.87	543.99	668.75	4816.20	9983.80
14825.00	- 14874.99	14333.34	3619.96	10938.37	545.66	669.47	4835.10	10014.90
14875.00	- 14924.99	14383.34	3636.46	10971.87	547.34	670.20	4854.00	10046.00
14925.00	- 14974.99	14433.34	3652.96	11005.37	549.01	670.92	4872.90	10077.10
14975.00	- 15024.99	14483.34	3669.46	11038.87	550.69	671.65	4891.80	10108.20
15025.00	- 15074.99	14533.34	3685.96	11072.37	552.36	672.37	4910.70	10139.30
15075.00	- 15124.99	14583.34	3702.46	11105.87	554.04	673.10	4929.60	10170.40
15125.00	- 15174.99	14633.34	3718.96	11139.37	555.71	673.82	4948.50	10201.50
15175.00	- 15224.99	14683.34	3735.46	11172.87	557.39	674.55	4967.40	10232.60
15225.00	- 15274.99	14733.34	3751.96	11206.37	559.06	675.27	4986.30	10263.70
15275.00	- 15324.99	14783.34	3768.46	11239.87	560.74	676.00	5005.20	10294.80
15325.00	- 15374.99	14833.34	3784.96	11273.37	562.41	676.72	5024.10	10325.90
15375.00	- 15424.99	14883.34	3801.46	11306.87	564.09	677.45	5043.00	10357.00
15425.00	- 15474.99	14933.34	3817.96	11340.37	565.76	678.17	5061.90	10388.10
15475.00	- 15524.99	14983.34	3834.46	11373.87	567.44	678.90	5080.80	10419.20
15525.00	- 15574.99	15033.34	3850.96	11407.37	569.11	679.62	5099.70	10450.30

**Alabama**  
**2004 FEDERAL AND STATE TAXES**  
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Gross Income Range		Taxable Income	Federal Tax	AL Taxable Income	AL StateTax	FICA	Total Taxes	Net Monthly Income
15575.00	- 15624.99	15083.34	3867.46	11440.87	570.79	680.35	5118.60	10481.40
15625.00	- 15674.99	15133.34	3883.96	11474.37	572.46	681.07	5137.50	10512.50
15675.00	- 15724.99	15183.34	3900.46	11507.87	574.14	681.80	5156.40	10543.60
15725.00	- 15774.99	15233.34	3916.96	11541.37	575.81	682.52	5175.30	10574.70
15775.00	- 15824.99	15283.34	3933.46	11574.87	577.49	683.25	5194.20	10605.80
15825.00	- 15874.99	15333.34	3949.96	11608.37	579.16	683.97	5213.10	10636.90
15875.00	- 15924.99	15383.34	3966.46	11641.87	580.84	684.70	5232.00	10668.00
15925.00	- 15974.99	15433.34	3982.96	11675.37	582.51	685.42	5250.90	10699.10
15975.00	- 16024.99	15483.34	3999.46	11708.87	584.19	686.15	5269.80	10730.20
16025.00	- 16074.99	15533.34	4015.96	11742.37	585.86	686.87	5288.70	10761.30
16075.00	- 16124.99	15583.34	4032.46	11775.87	587.54	687.60	5307.60	10792.40
16125.00	- 16174.99	15633.34	4048.96	11809.37	589.21	688.32	5326.50	10823.50
16175.00	- 16224.99	15683.34	4065.46	11842.87	590.89	689.05	5345.40	10854.60
16225.00	- 16274.99	15733.34	4081.96	11876.37	592.56	689.77	5364.30	10885.70
16275.00	- 16324.99	15783.34	4098.46	11909.87	594.24	690.50	5383.20	10916.80
16325.00	- 16374.99	15833.34	4114.96	11943.37	595.91	691.22	5402.10	10947.90
16375.00	- 16424.99	15883.34	4131.46	11976.87	597.59	691.95	5421.00	10979.00
16425.00	- 16474.99	15933.34	4147.96	12010.37	599.26	692.67	5439.90	11010.10
16475.00	- 16524.99	15983.34	4164.46	12043.87	600.94	693.40	5458.80	11041.20
16525.00	- 16574.99	16033.34	4180.96	12077.37	602.61	694.12	5477.70	11072.30
16575.00	- 16624.99	16083.34	4197.46	12110.87	604.29	694.85	5496.60	11103.40
16625.00	- 16674.99	16133.34	4213.96	12144.37	605.96	695.57	5515.50	11134.50
16675.00	- 16724.99	16183.34	4230.46	12177.87	607.64	696.30	5534.40	11165.60
16725.00	- 16774.99	16233.34	4246.96	12211.37	609.31	697.02	5553.30	11196.70
16775.00	- 16824.99	16283.34	4263.46	12244.87	610.99	697.75	5572.20	11227.80
16825.00	- 16874.99	16333.34	4279.96	12278.37	612.66	698.47	5591.10	11258.90
16875.00	- 16924.99	16383.34	4296.46	12311.87	614.34	699.20	5610.00	11290.00
16925.00	- 16974.99	16433.34	4312.96	12345.37	616.01	699.92	5628.90	11321.10
16975.00	- 17024.99	16483.34	4329.46	12378.87	617.69	700.65	5647.80	11352.20
17025.00	- 17074.99	16533.34	4345.96	12412.37	619.36	701.37	5666.70	11383.30
17075.00	- 17124.99	16583.34	4362.46	12445.87	621.04	702.10	5685.60	11414.40
17125.00	- 17174.99	16633.34	4378.96	12479.37	622.71	702.82	5704.50	11445.50
17175.00	- 17224.99	16683.34	4395.46	12512.87	624.39	703.55	5723.40	11476.60
17225.00	- 17274.99	16733.34	4411.96	12546.37	626.06	704.27	5742.30	11507.70
17275.00	- 17324.99	16783.34	4428.46	12579.87	627.74	705.00	5761.20	11538.80
17325.00	- 17374.99	16833.34	4444.96	12613.37	629.41	705.72	5780.10	11569.90
17375.00	- 17424.99	16883.34	4461.46	12646.87	631.09	706.45	5799.00	11601.00
17425.00	- 17474.99	16933.34	4477.96	12680.37	632.76	707.17	5817.90	11632.10
17475.00	- 17524.99	16983.34	4494.46	12713.87	634.44	707.90	5836.80	11663.20
17525.00	- 17574.99	17033.34	4510.96	12747.37	636.11	708.62	5855.70	11694.30
17575.00	- 17624.99	17083.34	4527.46	12780.87	637.79	709.35	5874.60	11725.40
17625.00	- 17674.99	17133.34	4543.96	12814.37	639.46	710.07	5893.50	11756.50
17675.00	- 17724.99	17183.34	4560.46	12847.87	641.14	710.80	5912.40	11787.60

**Alabama**  
**2004 FEDERAL AND STATE TAXES**  
**GROSS TO NET INCOME CONVERSION TABLE**

Gross Income Range		Taxable Income	Federal Tax	AL Taxable Income	AL StateTax	FICA	Total Taxes	Net Monthly Income
17725.00	- 17774.99	17233.34	4576.96	12881.37	642.81	711.52	5931.30	11818.70
17775.00	- 17824.99	17283.34	4593.46	12914.87	644.49	712.25	5950.20	11849.80
17825.00	- 17874.99	17333.34	4609.96	12948.37	646.16	712.97	5969.10	11880.90
17875.00	- 17924.99	17383.34	4626.46	12981.87	647.84	713.70	5988.00	11912.00
17925.00	- 17974.99	17433.34	4642.96	13015.37	649.51	714.42	6006.90	11943.10
17975.00	- 18024.99	17483.34	4659.46	13048.87	651.19	715.15	6025.80	11974.20
18025.00	- 18074.99	17533.34	4675.96	13082.37	652.86	715.87	6044.70	12005.30
18075.00	- 18124.99	17583.34	4692.46	13115.87	654.54	716.60	6063.60	12036.40
18125.00	- 18174.99	17633.34	4708.96	13149.37	656.21	717.32	6082.50	12067.50
18175.00	- 18224.99	17683.34	4725.46	13182.87	657.89	718.05	6101.40	12098.60
18225.00	- 18274.99	17733.34	4741.96	13216.37	659.56	718.77	6120.30	12129.70
18275.00	- 18324.99	17783.34	4758.46	13249.87	661.24	719.50	6139.20	12160.80
18325.00	- 18374.99	17833.34	4774.96	13283.37	662.91	720.22	6158.10	12191.90
18375.00	- 18424.99	17883.34	4791.46	13316.87	664.59	720.95	6177.00	12223.00
18425.00	- 18474.99	17933.34	4807.96	13350.37	666.26	721.67	6195.90	12254.10
18475.00	- 18524.99	17983.34	4824.46	13383.87	667.94	722.40	6214.80	12285.20
18525.00	- 18574.99	18033.34	4840.96	13417.37	669.61	723.12	6233.70	12316.30
18575.00	- 18624.99	18083.34	4857.46	13450.87	671.29	723.85	6252.60	12347.40
18625.00	- 18674.99	18133.34	4873.96	13484.37	672.96	724.57	6271.50	12378.50
18675.00	- 18724.99	18183.34	4890.46	13517.87	674.64	725.30	6290.40	12409.60
18725.00	- 18774.99	18233.34	4906.96	13551.37	676.31	726.02	6309.30	12440.70
18775.00	- 18824.99	18283.34	4923.46	13584.87	677.99	726.75	6328.20	12471.80
18825.00	- 18874.99	18333.34	4939.96	13618.37	679.66	727.47	6347.10	12502.90
18875.00	- 18924.99	18383.34	4956.46	13651.87	681.34	728.20	6366.00	12534.00
18925.00	- 18974.99	18433.34	4972.96	13685.37	683.01	728.92	6384.90	12565.10
18975.00	- 19024.99	18483.34	4989.46	13718.87	684.69	729.65	6403.80	12596.20
19025.00	- 19074.99	18533.34	5005.96	13752.37	686.36	730.37	6422.70	12627.30
19075.00	- 19124.99	18583.34	5022.46	13785.87	688.04	731.10	6441.60	12658.40
19125.00	- 19174.99	18633.34	5038.96	13819.37	689.71	731.82	6460.50	12689.50
19175.00	- 19224.99	18683.34	5055.46	13852.87	691.39	732.55	6479.40	12720.60
19225.00	- 19274.99	18733.34	5071.96	13886.37	693.06	733.27	6498.30	12751.70
19275.00	- 19324.99	18783.34	5088.46	13919.87	694.74	734.00	6517.20	12782.80
19325.00	- 19374.99	18833.34	5104.96	13953.37	696.41	734.72	6536.10	12813.90
19375.00	- 19424.99	18883.34	5121.46	13986.87	698.09	735.45	6555.00	12845.00
19425.00	- 19474.99	18933.34	5137.96	14020.37	699.76	736.17	6573.90	12876.10
19475.00	- 19524.99	18983.34	5154.46	14053.87	701.44	736.90	6592.80	12907.20
19525.00	- 19574.99	19033.34	5170.96	14087.37	703.11	737.62	6611.70	12938.30
19575.00	- 19624.99	19083.34	5187.46	14120.87	704.79	738.35	6630.60	12969.40
19625.00	- 19674.99	19133.34	5203.96	14154.37	706.46	739.07	6649.50	13000.50
19675.00	- 19724.99	19183.34	5220.46	14187.87	708.14	739.80	6668.40	13031.60
19725.00	- 19774.99	19233.34	5236.96	14221.37	709.81	740.52	6687.30	13062.70
19775.00	- 19824.99	19283.34	5253.46	14254.87	711.49	741.25	6706.20	13093.80
19825.00	- 19874.99	19333.34	5269.96	14288.37	713.16	741.97	6725.10	13124.90

**Alabama**  
**2004 FEDERAL AND STATE TAXES**  
**GROSS TO NET INCOME CONVERSION TABLE**

Gross Income Range		Taxable Income	Federal Tax	AL Taxable Income	AL StateTax	FICA	Total Taxes	Net Monthly Income
19875.00	- 19924.99	19383.34	5286.46	14321.87	714.84	742.70	6744.00	13156.00
19925.00	- 19974.99	19433.34	5302.96	14355.37	716.51	743.42	6762.90	13187.10
19975.00	- 20024.99	19483.34	5319.46	14388.87	718.19	744.15	6781.80	13218.20



*Performance. Service. Integrity.*

# **Appendix III Example of Low-Income Adjustment in Worksheet**



COURT: \_\_\_\_\_ COUNTY: \_\_\_\_\_

\_\_\_\_\_ Mother and \_\_\_\_\_ Father

Children	Date of Birth	Children	Date of Birth	
Jane				
PART I. CHILD SUPPORT ORDER		Mother	Father	Combined
1. MONTHLY GROSS INCOME		\$500	\$1000	
a. Minus preexisting child support payment		-	-	
b. Minus maintenance paid		-	-	
2. MONTHLY ADJUSTED GROSS INCOME		\$500	\$1000	\$1500
3. PERCENTAGE SHARE OF INCOME (Each parent's income from line 2 divided by Combined Income)		33%	67%	100%
4. BASIC OBLIGATION (Use Line 2 combined to find amount from schedule.)				\$323
5. ADJUSTMENTS (Expenses paid directly by each parent)				
a. Work-Related Child Care Costs Adjusted for Federal Tax Credit 0.75 x actual work-related child care costs.)		\$	\$	
b. Extraordinary Medical Expenses (Uninsured only) and Children's Portion of Health Insurance Premium Costs.		\$	\$	
c. Extraordinary Expenses (Agreed to by parents or by order of the court or master.)		\$	\$	
d. Minus Extraordinary Adjustments (Agreed to by parents or by order of court or master.)				
e. Total Adjustments (For each column, add 5a, 5b, and 5c. Subtract Line 5d. Add the parent's totals together for Combined amount.)		\$	\$	\$
6. TOTAL SUPPORT OBLIGATION (Add line 4 and line 5e Combined.)				\$323
7. EACH PARENT'S SHARE OF THE TOTAL CHILD SUPPORT OBLIGATION (Line 3 x line 6 for each parent.)		\$107	\$ 216	
8. NONCUSTODIAL PARENT ADJUSTMENT (Enter noncustodial parent's line 5e.)		\$		
9. RECOMMENDED CHILD SUPPORT ORDER (Subtract line 8 from line 7 for the noncustodial parent only. Leave custodial parent column blank.)		\$	\$ 216	
PART II. ABILITY TO PAY CALCULATION (Complete if the noncustodial parent's adjusted monthly gross income is below \$1,800.)				
10. Spendable Income (0.85 x line 2 for noncustodial parent only.) <i>This approximates income after taxes at low incomes. It is necessary because the Self Support Reserve is based on net income, not gross income.</i>			\$850	
11. Self Support Reserve		\$748	\$748	
12. Income Available for Support (Line 10 - line 11. If less than \$65, then \$65)			\$ 102	
13. Adjusted Child Support Order (Lessor of Line 9 and Line 12.)			\$ 102	
Comments, calculations, or rebuttals to schedule or adjustments if noncustodial parent directly pays extraordinary expenses.				
PREPARED BY:			Date:	



**Alabama**  
**Proposed Schedule of Basic Child Support Obligations**  
 No Self Support Reserve

<b>COMBINED ADJUSTED GROSS INCOME</b>	<b>ONE CHILD</b>	<b>TWO CHILDREN</b>	<b>THREE CHILDREN</b>	<b>FOUR CHILDREN</b>	<b>FIVE CHILDREN</b>	<b>SIX CHILDREN</b>
500.00	119	167	194	216	237	258
550.00	130	183	212	237	260	283
600.00	141	199	231	257	283	308
650.00	152	215	249	278	306	333
700.00	164	231	268	299	328	357
750.00	175	247	286	319	351	381
800.00	185	261	302	337	371	404
850.00	195	275	319	356	391	426
900.00	205	289	335	374	411	447
950.00	215	303	352	392	431	469
1000.00	225	318	368	410	451	491
1050.00	234	332	384	428	471	513
1100.00	244	346	401	447	491	535
1150.00	254	360	417	465	511	556
1200.00	264	374	433	483	531	578
1250.00	274	388	449	500	550	599
1300.00	283	400	463	516	568	618
1350.00	292	413	477	532	585	636
1400.00	301	425	490	546	601	654
1450.00	310	436	503	561	618	672
1500.00	318	448	517	576	634	690
1550.00	327	460	530	591	650	707
1600.00	336	472	544	606	667	725
1650.00	344	484	557	621	683	743
1700.00	353	496	570	636	699	761
1750.00	362	508	584	651	716	779
1800.00	370	520	597	666	732	797
1850.00	379	532	612	682	750	816
1900.00	388	545	626	698	768	835
1950.00	397	557	641	714	786	855
2000.00	406	569	655	730	803	874
2050.00	415	582	669	746	821	893
2100.00	424	594	684	763	839	913
2150.00	433	607	698	779	856	932
2200.00	442	619	713	795	874	951
2250.00	451	631	727	811	892	970
2300.00	459	644	742	827	910	990
2350.00	468	656	756	843	927	1009
2400.00	477	668	770	859	944	1028
2450.00	486	680	784	874	961	1046
2500.00	494	692	797	889	978	1064

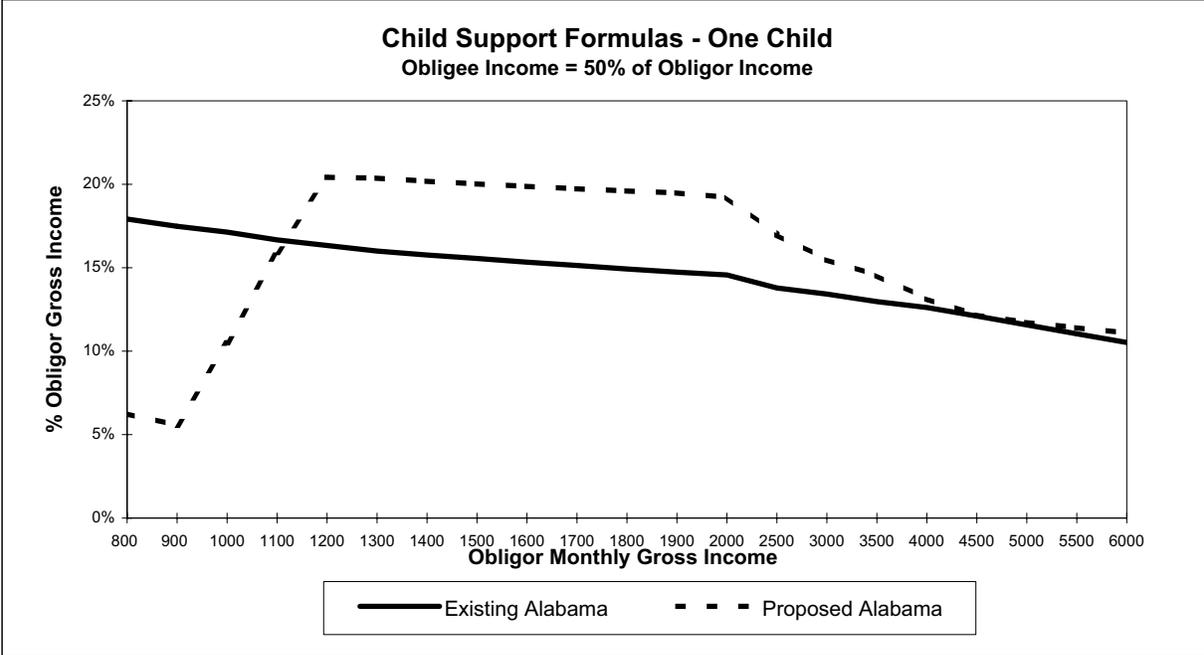




*Performance. Service. Integrity.*

## **Appendix IV Comparisons for One and Three Children**

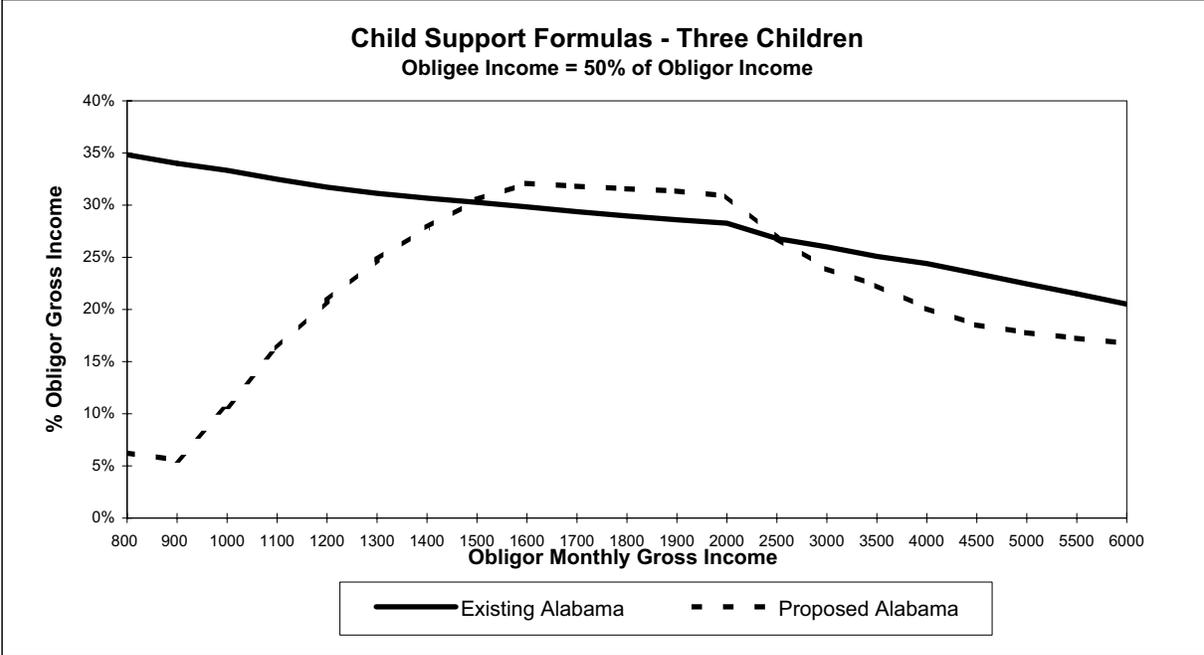




### CHILD SUPPORT FORMULAS - ONE CHILD

Obligee Income = 50% of Obligor Income

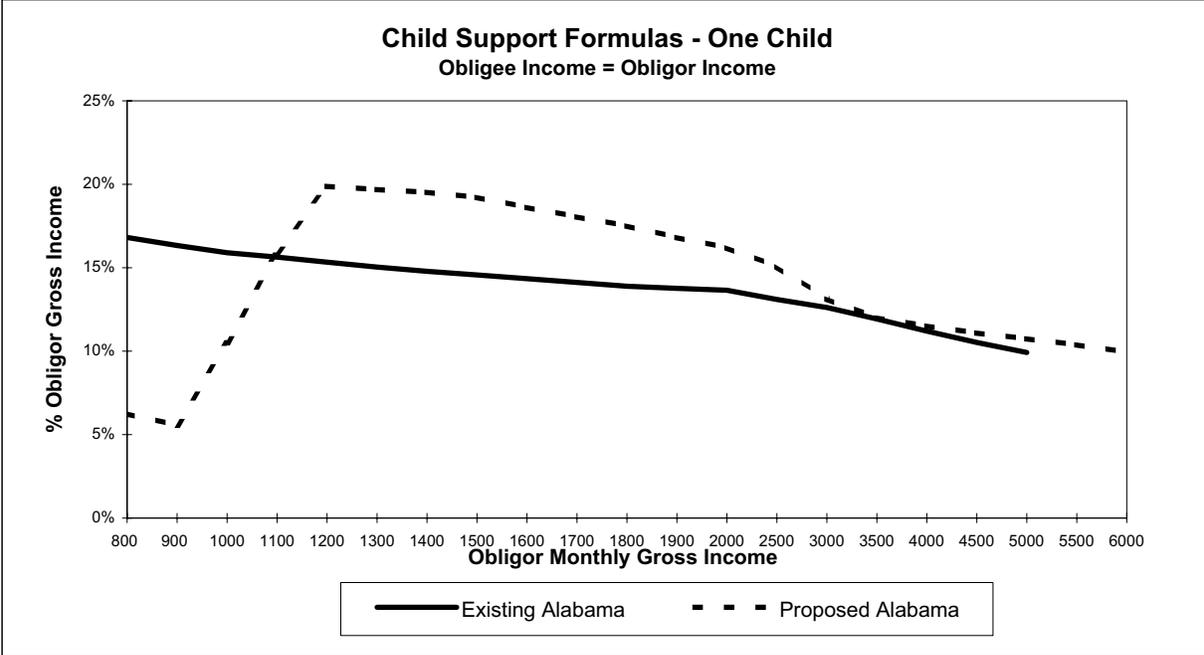
Support Due (\$\$ per month)			% of Obligor's Gross Income		
Obligor's Gross Monthly Income	Existing Alabama	Proposed Alabama	Obligor's Gross Monthly Income	Existing Alabama	Proposed Alabama
800	143	50	800	18%	6%
900	157	50	900	17%	6%
1000	171	105	1000	17%	11%
1100	183	175	1100	17%	16%
1200	196	245	1200	16%	20%
1300	208	265	1300	16%	20%
1400	221	283	1400	16%	20%
1500	233	300	1500	16%	20%
1600	245	318	1600	15%	20%
1700	257	335	1700	15%	20%
1800	269	353	1800	15%	20%
1900	280	370	1900	15%	19%
2000	291	384	2000	15%	19%
2500	345	425	2500	14%	17%
3000	403	464	3000	13%	15%
3500	454	509	3500	13%	15%
4000	505	525	4000	13%	13%
4500	545	547	4500	12%	12%
5000	579	586	5000	12%	12%
5500	607	627	5500	11%	11%
6000	631	665	6000	11%	11%



### CHILD SUPPORT FORMULAS - THREE CHILDREN

Obligee Income = 50% of Obligor Income

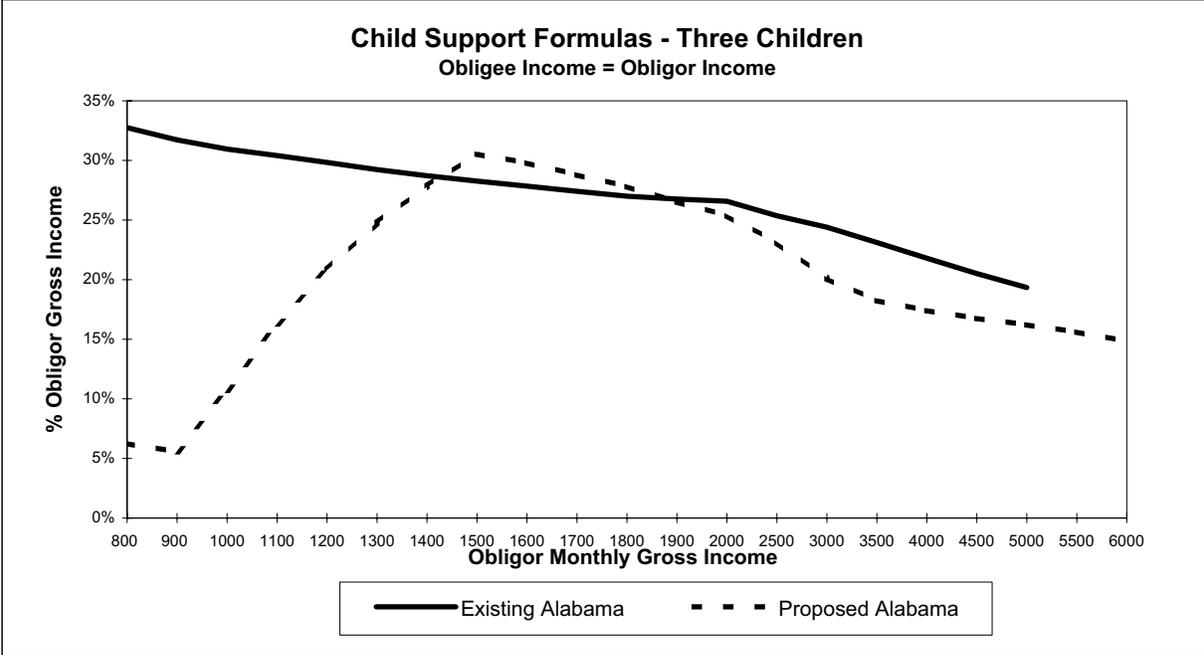
Support Due (\$\$ per month)			% of Obligor's Gross Income		
Obligor's Gross Monthly Income	Existing Alabama	Proposed Alabama	Obligor's Gross Monthly Income	Existing Alabama	Proposed Alabama
800	279	50	800	35%	6%
900	306	50	900	34%	6%
1000	333	107	1000	33%	11%
1100	357	179	1100	32%	16%
1200	381	250	1200	32%	21%
1300	405	322	1300	31%	25%
1400	429	390	1400	31%	28%
1500	454	458	1500	30%	31%
1600	477	513	1600	30%	32%
1700	499	541	1700	29%	32%
1800	521	568	1800	29%	32%
1900	543	596	1900	29%	31%
2000	565	617	2000	28%	31%
2500	670	671	2500	27%	27%
3000	780	717	3000	26%	24%
3500	878	780	3500	25%	22%
4000	976	804	4000	24%	20%
4500	1055	833	4500	23%	19%
5000	1123	889	5000	22%	18%
5500	1183	948	5500	22%	17%
6000	1231	1005	6000	21%	17%



### CHILD SUPPORT FORMULAS - ONE CHILD

Obligee Income = Obligor Income

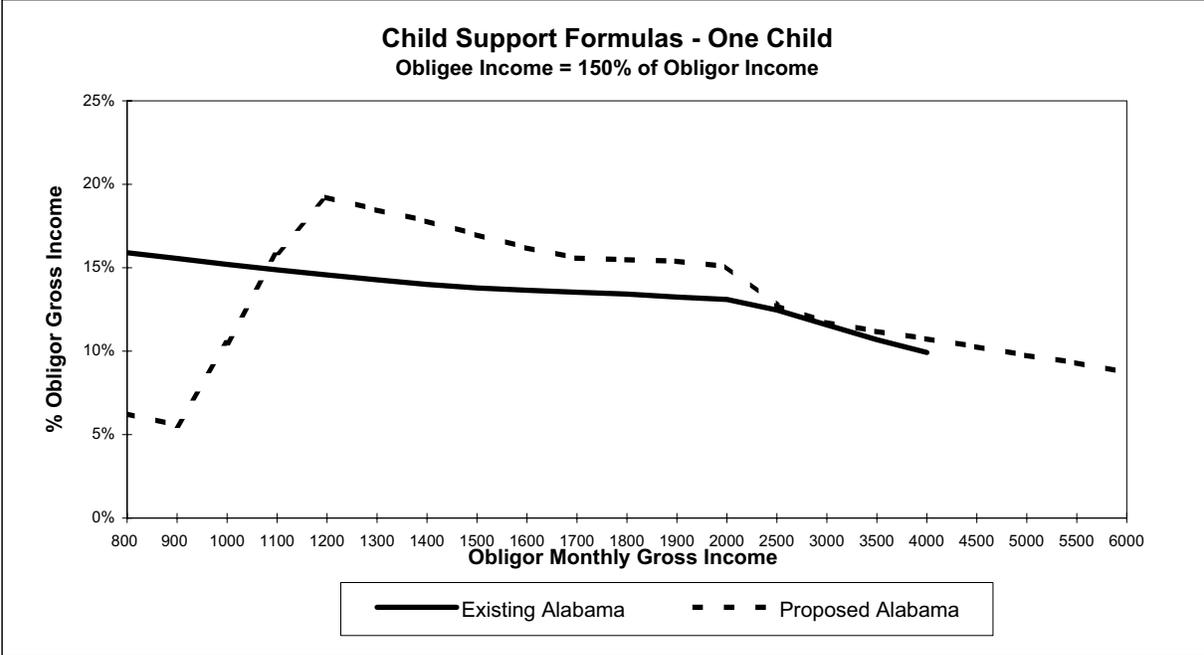
Obligor's Gross Monthly Income	Support Due (\$\$ per month)		% of Obligor's Gross Income		
	Existing Alabama	Proposed Alabama	Existing Alabama	Existing Alabama	Proposed Alabama
800	135	50	17%		6%
900	147	50	16%		6%
1000	159	105	16%		11%
1100	172	175	16%		16%
1200	184	239	15%		20%
1300	196	256	15%		20%
1400	207	273	15%		20%
1500	219	288	15%		19%
1600	230	298	14%		19%
1700	240	307	14%		18%
1800	250	315	14%		18%
1900	262	319	14%		17%
2000	273	324	14%		16%
2500	328	377	13%		15%
3000	379	394	13%		13%
3500	418	420	12%		12%
4000	448	460	11%		12%
4500	474	499	11%		11%
5000	496	537	10%		11%
5500		571			10%
6000		596			10%



### CHILD SUPPORT FORMULAS - THREE CHILDREN

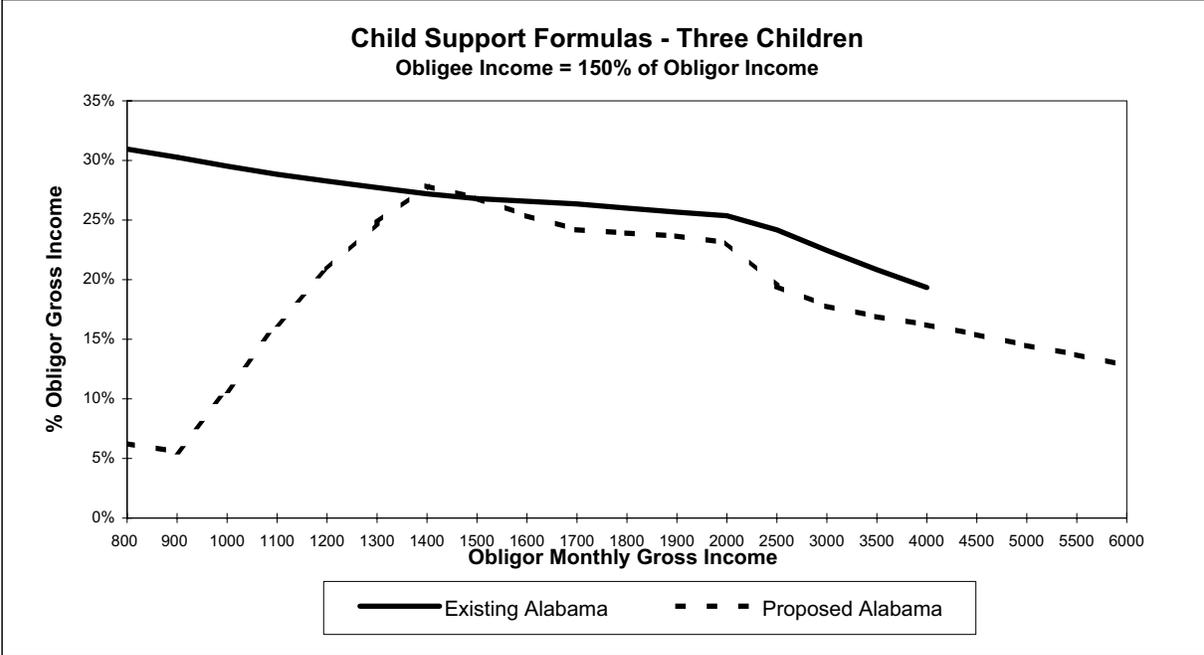
Obligee Income = Obligor Income

Obligor's Gross Monthly Income	Support Due (\$\$ per month)		%		Obligor's Gross Monthly Income	% of Obligor's Gross Income	
	Existing Alabama	Proposed Alabama	Existing Alabama	Proposed Alabama		Existing Alabama	Proposed Alabama
800	262	50	33%	6%	800	33%	6%
900	286	50	32%	6%	900	32%	6%
1000	310	107	31%	11%	1000	31%	11%
1100	335	179	30%	16%	1100	30%	16%
1200	358	250	30%	21%	1200	30%	21%
1300	380	322	29%	25%	1300	29%	25%
1400	402	390	29%	28%	1400	29%	28%
1500	424	458	28%	31%	1500	28%	31%
1600	446	477	28%	30%	1600	28%	30%
1700	466	490	27%	29%	1700	27%	29%
1800	486	501	27%	28%	1800	27%	28%
1900	509	504	27%	27%	1900	27%	27%
2000	532	507	27%	25%	2000	27%	25%
2500	634	578	25%	23%	2500	25%	23%
3000	732	603	24%	20%	3000	24%	20%
3500	809	639	23%	18%	3500	23%	18%
4000	872	696	22%	17%	4000	22%	17%
4500	923	754	21%	17%	4500	21%	17%
5000	967	811	19%	16%	5000	19%	16%
5500		858		16%	5500		16%
6000		890		15%	6000		15%



### CHILD SUPPORT FORMULAS - ONE CHILD Obligee Income = 150% of Obligor Income

Support Due (\$\$ per month)			% of Obligor's Gross Income		
Obligor's Gross Monthly Income	Existing Alabama	Proposed Alabama	Obligor's Gross Monthly Income	Existing Alabama	Proposed Alabama
800	127	50	800	16%	6%
900	140	50	900	16%	6%
1000	152	105	1000	15%	11%
1100	164	175	1100	15%	16%
1200	175	231	1200	15%	19%
1300	186	240	1300	14%	18%
1400	196	249	1400	14%	18%
1500	207	255	1500	14%	17%
1600	218	259	1600	14%	16%
1700	230	265	1700	14%	16%
1800	242	279	1800	13%	15%
1900	252	292	1900	13%	15%
2000	262	301	2000	13%	15%
2500	312	318	2500	12%	13%
3000	347	352	3000	12%	12%
3500	374	392	3500	11%	11%
4000	397	430	4000	10%	11%
4500		462	4500		10%
5000		487	5000		10%
5500		512	5500		9%
6000		523	6000		9%



### CHILD SUPPORT FORMULAS - THREE CHILDREN

Obligee Income = 150% of Obligor Income

Support Due (\$\$ per month)			% of Obligor's Gross Income		
Obligor's Gross Monthly Income	Existing Alabama	Proposed Alabama	Obligor's Gross Monthly Income	Existing Alabama	Proposed Alabama
800	248	50	800	31%	6%
900	272	50	900	30%	6%
1000	295	107	1000	30%	11%
1100	317	179	1100	29%	16%
1200	339	250	1200	28%	21%
1300	360	322	1300	28%	25%
1400	381	390	1400	27%	28%
1500	402	403	1500	27%	27%
1600	425	406	1600	27%	25%
1700	448	411	1700	26%	24%
1800	468	430	1800	26%	24%
1900	488	450	1900	26%	24%
2000	507	462	2000	25%	23%
2500	604	486	2500	24%	19%
3000	674	533	3000	22%	18%
3500	729	592	3500	21%	17%
4000	774	648	4000	19%	16%
4500		693	4500		15%
5000		724	5000		14%
5500		754	5500		14%
6000		767	6000		13%



*Performance. Service. Integrity.*

# **Appendix V Side by Side Comparison of Existing and Proposed Schedules**



## Comparison of Existing to Proposed Child Support Schedules One through Three Children

COMBINED ADJUSTED GROSS INCOME	ONE CHILD				TWO CHILDREN				THREE CHILDREN			
	Existing	Proposed	\$ Change	% Change	Existing	Proposed	\$ Change	% Change	Existing	Proposed	\$ Change	% Change
550.00	50	Discretion			51	Discretion			51	Discretion		
600.00	82	Discretion			83	Discretion			84	Discretion		
650.00	112	Discretion			113	Discretion			114	Discretion		
700.00	141	Discretion			142	Discretion			144	Discretion		
750.00	151	Discretion			172	Discretion			173	Discretion		
800.00	158	Discretion			201	Discretion			203	Discretion		
850.00	166	Discretion			230	Discretion			233	Discretion		
900.00	173	50	-123	-71.1%	259	50	-209	-80.7%	262	50	-212	-80.9%
950.00	180	70	-110	-61.3%	279	71	-208	-74.7%	291	71	-220	-75.5%
1000.00	187	105	-82	-44.0%	290	106	-184	-63.5%	320	107	-213	-66.5%
1050.00	194	140	-54	-27.9%	301	141	-160	-53.0%	350	143	-207	-59.2%
1100.00	201	175	-26	-13.0%	312	177	-135	-43.3%	379	179	-200	-52.8%
1150.00	208	210	2	0.9%	323	212	-111	-34.3%	405	215	-190	-47.0%
1200.00	215	245	30	13.9%	334	248	-86	-25.9%	418	250	-168	-40.1%
1250.00	222	274	52	23.4%	345	283	-62	-18.0%	432	286	-146	-33.8%
1300.00	229	283	54	23.7%	356	318	-38	-10.5%	445	322	-123	-27.6%
1350.00	236	292	56	23.8%	367	353	-14	-3.9%	459	357	-102	-22.3%
1400.00	243	301	58	23.8%	378	386	8	2.1%	474	390	-84	-17.7%
1450.00	251	310	59	23.3%	390	419	29	7.5%	488	424	-64	-13.1%
1500.00	257	318	61	23.8%	399	448	49	12.4%	500	458	-42	-8.5%
1550.00	263	327	64	24.3%	409	460	51	12.5%	512	491	-21	-4.1%
1600.00	269	336	67	24.8%	418	472	54	13.0%	524	525	1	0.2%
1650.00	275	344	69	25.2%	428	484	56	13.1%	536	557	21	3.9%
1700.00	281	353	72	25.6%	437	496	59	13.5%	548	570	22	4.1%
1750.00	287	362	75	26.0%	447	508	61	13.6%	560	584	24	4.2%
1800.00	294	370	76	26.0%	456	520	64	14.0%	571	597	26	4.6%
1850.00	300	379	79	26.5%	466	532	66	14.2%	583	612	29	4.9%
1900.00	306	388	82	26.9%	475	545	70	14.7%	595	626	31	5.2%
1950.00	312	397	85	27.3%	485	557	72	14.8%	607	641	34	5.5%
2000.00	318	406	88	27.7%	495	569	74	15.0%	619	655	36	5.8%
2050.00	325	415	90	27.7%	505	582	77	15.2%	632	669	37	5.9%
2100.00	331	424	93	28.0%	514	594	80	15.6%	644	684	40	6.2%
2150.00	338	433	95	28.0%	524	607	83	15.8%	656	698	42	6.5%
2200.00	344	442	98	28.4%	534	619	85	15.9%	669	713	44	6.5%
2250.00	350	451	101	28.7%	544	631	87	16.1%	681	727	46	6.8%
2300.00	357	459	102	28.7%	554	644	90	16.2%	694	742	48	6.9%
2350.00	363	468	105	29.0%	563	656	93	16.5%	705	756	51	7.3%
2400.00	368	477	109	29.6%	572	668	96	16.8%	716	770	54	7.5%
2450.00	374	486	112	29.9%	580	680	100	17.3%	727	784	57	7.8%
2500.00	380	494	114	30.1%	589	692	103	17.5%	738	797	59	8.1%
2550.00	386	503	117	30.3%	598	704	106	17.7%	749	811	62	8.3%

## Comparison of Existing to Proposed Child Support Schedules One through Three Children

COMBINED ADJUSTED GROSS INCOME	ONE CHILD				TWO CHILDREN				THREE CHILDREN			
	Existing	Proposed	\$ Change	% Change	Existing	Proposed	\$ Change	% Change	Existing	Proposed	\$ Change	% Change
2600.00	391	512	121	30.9%	607	716	109	17.9%	760	825	65	8.5%
2650.00	397	520	123	31.1%	616	728	112	18.1%	771	839	68	8.8%
2700.00	403	529	126	31.3%	625	740	115	18.3%	782	852	70	9.0%
2750.00	409	538	129	31.5%	633	752	119	18.7%	793	866	73	9.2%
2800.00	414	547	133	32.0%	642	764	122	18.9%	804	880	76	9.4%
2850.00	420	555	135	32.2%	651	775	124	19.1%	815	894	79	9.6%
2900.00	426	564	138	32.4%	660	787	127	19.3%	826	907	81	9.8%
2950.00	431	571	140	32.6%	669	797	128	19.2%	837	919	82	9.8%
3000.00	437	577	140	31.9%	677	804	127	18.8%	848	926	78	9.2%
3050.00	443	582	139	31.3%	686	811	125	18.2%	859	933	74	8.7%
3100.00	449	587	138	30.7%	695	817	122	17.6%	870	941	71	8.1%
3150.00	454	591	137	30.2%	704	823	119	16.9%	881	947	66	7.5%
3200.00	459	596	137	29.8%	712	829	117	16.4%	891	953	62	7.0%
3250.00	464	600	136	29.4%	720	835	115	16.0%	901	960	59	6.5%
3300.00	469	605	136	28.9%	728	841	113	15.5%	911	966	55	6.1%
3350.00	475	609	134	28.3%	736	847	111	15.0%	922	973	51	5.5%
3400.00	480	614	134	27.9%	745	852	107	14.4%	932	979	47	5.0%
3450.00	485	618	133	27.5%	753	858	105	14.0%	942	985	43	4.6%
3500.00	490	623	133	27.1%	761	864	103	13.6%	952	992	40	4.2%
3550.00	495	627	132	26.7%	769	870	101	13.1%	962	998	36	3.8%
3600.00	500	630	130	26.0%	777	873	96	12.4%	972	1001	29	3.0%
3650.00	505	632	127	25.2%	785	876	91	11.5%	982	1003	21	2.1%
3700.00	511	635	124	24.2%	794	878	84	10.6%	994	1005	11	1.1%
3750.00	517	637	120	23.2%	803	880	77	9.6%	1005	1006	1	0.1%
3800.00	523	639	116	22.2%	813	882	69	8.5%	1017	1008	-9	-0.9%
3850.00	529	641	112	21.2%	822	885	63	7.6%	1028	1010	-18	-1.8%
3900.00	534	643	109	20.5%	831	887	56	6.7%	1040	1011	-29	-2.8%
3950.00	540	646	106	19.6%	840	889	49	5.8%	1051	1013	-38	-3.6%
4000.00	546	648	102	18.6%	849	891	42	5.0%	1063	1015	-48	-4.6%
4050.00	552	650	98	17.8%	858	893	35	4.1%	1074	1016	-58	-5.4%
4100.00	558	652	94	16.9%	868	896	28	3.2%	1085	1018	-67	-6.2%
4150.00	563	654	91	16.2%	877	898	21	2.4%	1097	1020	-77	-7.1%
4200.00	569	657	88	15.4%	886	900	14	1.6%	1108	1021	-87	-7.8%
4250.00	575	662	87	15.1%	895	907	12	1.3%	1120	1028	-92	-8.2%
4300.00	581	669	88	15.1%	904	916	12	1.3%	1131	1037	-94	-8.3%
4350.00	587	676	89	15.1%	913	925	12	1.3%	1143	1047	-96	-8.4%
4400.00	592	683	91	15.3%	923	934	11	1.2%	1154	1057	-97	-8.4%
4450.00	598	690	92	15.3%	931	943	12	1.3%	1159	1066	-93	-8.0%
4500.00	604	697	93	15.3%	940	952	12	1.3%	1170	1076	-94	-8.0%
4550.00	609	703	94	15.5%	948	961	13	1.4%	1180	1085	-95	-8.0%
4600.00	614	710	96	15.7%	956	970	14	1.5%	1190	1095	-95	-8.0%

## Comparison of Existing to Proposed Child Support Schedules One through Three Children

COMBINED ADJUSTED GROSS INCOME	ONE CHILD				TWO CHILDREN				THREE CHILDREN			
	Existing	Proposed	\$ Change	% Change	Existing	Proposed	\$ Change	% Change	Existing	Proposed	\$ Change	% Change
4650.00	619	717	98	15.9%	964	979	15	1.6%	1200	1105	-95	-8.0%
4700.00	624	724	100	16.1%	972	988	16	1.6%	1209	1114	-95	-7.8%
4750.00	629	731	102	16.3%	980	997	17	1.7%	1219	1124	-95	-7.8%
4800.00	635	738	103	16.2%	987	1006	19	1.9%	1229	1133	-96	-7.8%
4850.00	640	745	105	16.4%	995	1015	20	2.0%	1239	1143	-96	-7.8%
4900.00	645	749	104	16.2%	1003	1021	18	1.8%	1249	1149	-100	-8.0%
4950.00	650	751	101	15.6%	1011	1023	12	1.2%	1258	1152	-106	-8.4%
5000.00	655	753	98	15.0%	1019	1026	7	0.7%	1268	1155	-113	-8.9%
5050.00	660	755	95	14.4%	1027	1029	2	0.2%	1278	1158	-120	-9.4%
5100.00	665	757	92	13.9%	1035	1031	-4	-0.3%	1288	1161	-127	-9.8%
5150.00	670	759	89	13.3%	1042	1034	-8	-0.8%	1298	1164	-134	-10.3%
5200.00	675	761	86	12.8%	1050	1037	-13	-1.3%	1307	1167	-140	-10.7%
5250.00	681	763	82	12.1%	1058	1039	-19	-1.7%	1317	1170	-147	-11.1%
5300.00	686	765	79	11.5%	1066	1042	-24	-2.2%	1327	1173	-154	-11.6%
5350.00	691	767	76	11.0%	1074	1045	-29	-2.7%	1337	1176	-161	-12.0%
5400.00	696	769	73	10.5%	1082	1047	-35	-3.2%	1346	1179	-167	-12.4%
5450.00	701	771	70	10.0%	1090	1050	-40	-3.7%	1356	1182	-174	-12.8%
5500.00	706	773	67	9.5%	1097	1053	-44	-4.0%	1366	1186	-180	-13.2%
5550.00	711	775	64	8.9%	1105	1055	-50	-4.5%	1376	1188	-188	-13.7%
5600.00	716	776	60	8.4%	1113	1057	-56	-5.0%	1386	1190	-196	-14.1%
5650.00	722	778	56	7.7%	1121	1059	-62	-5.5%	1395	1192	-203	-14.6%
5700.00	727	779	52	7.2%	1129	1061	-68	-6.0%	1405	1194	-211	-15.0%
5750.00	732	781	49	6.6%	1137	1063	-74	-6.5%	1415	1196	-219	-15.5%
5800.00	737	782	45	6.1%	1145	1065	-80	-7.0%	1425	1198	-227	-15.9%
5850.00	742	784	42	5.6%	1152	1067	-85	-7.4%	1435	1200	-235	-16.4%
5900.00	747	785	38	5.1%	1160	1069	-91	-7.9%	1444	1202	-242	-16.8%
5950.00	752	787	35	4.6%	1168	1071	-97	-8.3%	1454	1204	-250	-17.2%
6000.00	757	788	31	4.1%	1176	1072	-104	-8.8%	1464	1206	-258	-17.6%
6050.00	762	790	28	3.6%	1184	1074	-110	-9.3%	1474	1208	-266	-18.1%
6100.00	768	791	23	3.0%	1192	1076	-116	-9.7%	1483	1210	-273	-18.4%
6150.00	772	793	21	2.7%	1198	1078	-120	-10.0%	1497	1212	-285	-19.1%
6200.00	775	794	19	2.5%	1203	1080	-123	-10.2%	1504	1214	-290	-19.3%
6250.00	779	796	17	2.1%	1209	1082	-127	-10.5%	1511	1216	-295	-19.6%
6300.00	783	797	14	1.8%	1214	1084	-130	-10.7%	1518	1217	-301	-19.8%
6350.00	787	799	12	1.5%	1220	1086	-134	-11.0%	1526	1219	-307	-20.1%
6400.00	790	800	10	1.3%	1226	1087	-139	-11.3%	1533	1221	-312	-20.3%
6450.00	794	802	8	0.9%	1231	1089	-142	-11.5%	1540	1223	-317	-20.6%
6500.00	798	803	5	0.6%	1237	1091	-146	-11.8%	1547	1225	-322	-20.8%
6550.00	802	806	4	0.4%	1243	1095	-148	-11.9%	1554	1229	-325	-20.9%
6600.00	805	809	4	0.5%	1248	1099	-149	-11.9%	1561	1234	-327	-21.0%
6650.00	809	813	4	0.5%	1254	1104	-150	-11.9%	1568	1239	-329	-21.0%

## Comparison of Existing to Proposed Child Support Schedules One through Three Children

COMBINED ADJUSTED GROSS INCOME	ONE CHILD				TWO CHILDREN				THREE CHILDREN			
	Existing	Proposed	\$ Change	% Change	Existing	Proposed	\$ Change	% Change	Existing	Proposed	\$ Change	% Change
6700.00	813	817	4	0.5%	1259	1109	-150	-11.9%	1575	1245	-330	-21.0%
6750.00	817	821	4	0.5%	1265	1114	-151	-11.9%	1582	1250	-332	-21.0%
6800.00	820	825	5	0.5%	1271	1119	-152	-11.9%	1589	1256	-333	-21.0%
6850.00	824	828	4	0.5%	1276	1124	-152	-11.9%	1597	1261	-336	-21.0%
6900.00	828	832	4	0.5%	1282	1129	-153	-11.9%	1604	1266	-338	-21.0%
6950.00	831	836	5	0.6%	1287	1134	-153	-11.9%	1611	1272	-339	-21.1%
7000.00	835	840	5	0.6%	1293	1139	-154	-11.9%	1618	1277	-341	-21.1%
7050.00	839	843	4	0.5%	1299	1144	-155	-11.9%	1625	1283	-342	-21.1%
7100.00	843	847	4	0.5%	1304	1149	-155	-11.9%	1632	1288	-344	-21.1%
7150.00	846	851	5	0.6%	1310	1154	-156	-11.9%	1639	1293	-346	-21.1%
7200.00	850	855	5	0.6%	1315	1159	-156	-11.9%	1646	1299	-347	-21.1%
7250.00	854	859	5	0.5%	1321	1163	-158	-11.9%	1653	1304	-349	-21.1%
7300.00	857	862	5	0.6%	1326	1168	-158	-11.9%	1660	1310	-350	-21.1%
7350.00	860	866	6	0.7%	1331	1174	-157	-11.8%	1666	1315	-351	-21.0%
7400.00	862	871	9	1.0%	1336	1179	-157	-11.7%	1672	1321	-351	-21.0%
7450.00	865	875	10	1.1%	1340	1184	-156	-11.6%	1678	1327	-351	-20.9%
7500.00	868	879	11	1.3%	1345	1190	-155	-11.5%	1684	1333	-351	-20.8%
7550.00	871	883	12	1.4%	1350	1195	-155	-11.5%	1690	1339	-351	-20.8%
7600.00	874	887	13	1.5%	1355	1201	-154	-11.4%	1696	1345	-351	-20.7%
7650.00	877	891	14	1.6%	1359	1206	-153	-11.2%	1702	1351	-351	-20.6%
7700.00	879	896	17	1.9%	1364	1212	-152	-11.2%	1708	1357	-351	-20.5%
7750.00	882	900	18	2.0%	1369	1217	-152	-11.1%	1714	1363	-351	-20.5%
7800.00	885	904	19	2.1%	1374	1222	-152	-11.0%	1720	1369	-351	-20.4%
7850.00	888	908	20	2.3%	1378	1228	-150	-10.9%	1726	1375	-351	-20.3%
7900.00	891	912	21	2.4%	1383	1233	-150	-10.8%	1732	1381	-351	-20.3%
7950.00	894	916	22	2.5%	1388	1239	-149	-10.8%	1738	1387	-351	-20.2%
8000.00	896	921	25	2.7%	1393	1244	-149	-10.7%	1744	1393	-351	-20.1%
8050.00	899	925	26	2.9%	1397	1250	-147	-10.5%	1750	1399	-351	-20.1%
8100.00	902	929	27	3.0%	1402	1255	-147	-10.5%	1756	1405	-351	-20.0%
8150.00	905	933	28	3.1%	1407	1260	-147	-10.4%	1762	1411	-351	-19.9%
8200.00	908	937	29	3.2%	1412	1266	-146	-10.4%	1768	1417	-351	-19.9%
8250.00	911	941	30	3.3%	1417	1271	-146	-10.3%	1774	1422	-352	-19.8%
8300.00	914	945	31	3.3%	1421	1276	-145	-10.2%	1780	1428	-352	-19.8%
8350.00	916	948	32	3.5%	1426	1281	-145	-10.2%	1785	1434	-351	-19.7%
8400.00	919	952	33	3.6%	1431	1286	-145	-10.2%	1792	1439	-353	-19.7%
8450.00	922	956	34	3.7%	1434	1291	-143	-10.0%	1797	1445	-352	-19.6%
8500.00	924	960	36	3.9%	1438	1296	-142	-9.9%	1801	1451	-350	-19.5%
8550.00	926	964	38	4.1%	1441	1301	-140	-9.7%	1806	1456	-350	-19.4%
8600.00	929	968	39	4.1%	1445	1306	-139	-9.6%	1810	1462	-348	-19.2%
8650.00	931	971	40	4.3%	1448	1311	-137	-9.5%	1815	1468	-347	-19.1%
8700.00	933	975	42	4.5%	1452	1316	-136	-9.4%	1819	1473	-346	-19.0%

## Comparison of Existing to Proposed Child Support Schedules One through Three Children

COMBINED ADJUSTED GROSS INCOME	ONE CHILD				TWO CHILDREN				THREE CHILDREN			
	Existing	Proposed	\$ Change	% Change	Existing	Proposed	\$ Change	% Change	Existing	Proposed	\$ Change	% Change
8750.00	935	979	44	4.7%	1455	1321	-134	-9.2%	1823	1479	-344	-18.9%
8800.00	938	983	45	4.8%	1459	1326	-133	-9.1%	1828	1485	-343	-18.8%
8850.00	940	987	47	5.0%	1462	1331	-131	-9.0%	1832	1490	-342	-18.6%
8900.00	942	990	48	5.1%	1466	1336	-130	-8.9%	1837	1496	-341	-18.6%
8950.00	945	994	49	5.2%	1469	1341	-128	-8.7%	1841	1502	-339	-18.4%
9000.00	947	998	51	5.4%	1473	1346	-127	-8.6%	1846	1508	-338	-18.3%
9050.00	949	1002	53	5.6%	1476	1351	-125	-8.5%	1850	1513	-337	-18.2%
9100.00	951	1006	55	5.8%	1480	1356	-124	-8.4%	1854	1519	-335	-18.1%
9150.00	954	1010	56	5.8%	1483	1361	-122	-8.2%	1859	1525	-334	-18.0%
9200.00	956	1013	57	6.0%	1487	1366	-121	-8.1%	1863	1530	-333	-17.9%
9250.00	958	1017	59	6.2%	1490	1371	-119	-8.0%	1868	1536	-332	-17.8%
9300.00	961	1021	60	6.2%	1494	1376	-118	-7.9%	1872	1542	-330	-17.6%
9350.00	963	1025	62	6.4%	1497	1381	-116	-7.7%	1876	1547	-329	-17.5%
9400.00	965	1029	64	6.6%	1501	1386	-115	-7.6%	1881	1553	-328	-17.4%
9450.00	967	1032	65	6.8%	1504	1391	-113	-7.5%	1885	1559	-326	-17.3%
9500.00	970	1036	66	6.8%	1507	1396	-111	-7.3%	1890	1564	-326	-17.2%
9550.00	972	1040	68	7.0%	1511	1401	-110	-7.3%	1894	1570	-324	-17.1%
9600.00	974	1044	70	7.2%	1514	1406	-108	-7.1%	1898	1576	-322	-17.0%
9650.00	977	1048	71	7.2%	1518	1411	-107	-7.0%	1903	1581	-322	-16.9%
9700.00	979	1052	73	7.4%	1521	1416	-105	-6.9%	1907	1587	-320	-16.8%
9750.00	981	1055	74	7.6%	1525	1421	-104	-6.8%	1912	1593	-319	-16.7%
9800.00	983	1059	76	7.8%	1528	1427	-101	-6.6%	1916	1598	-318	-16.6%
9850.00	986	1063	77	7.8%	1532	1432	-100	-6.6%	1921	1604	-317	-16.5%
9900.00	988	1067	79	8.0%	1535	1437	-98	-6.4%	1925	1610	-315	-16.4%
9950.00	990	1071	81	8.1%	1539	1442	-97	-6.3%	1929	1616	-313	-16.3%
10000.00	992	1074	82	8.3%	1542	1447	-95	-6.2%	1934	1621	-313	-16.2%



## Comparison of Existing to Proposed Child Support Schedule Four through Six Children

COMBINED ADJUSTED GROSS INCOME	FOUR CHILDREN				FIVE CHILDREN				SIX CHILDREN			
	Existing	Proposed	\$ Change	% Change	Existing	Proposed	\$ Change	% Change	Existing	Proposed	\$ Change	% Change
550.00	52	Discretion			52	Discretion			53	Discretion		
600.00	85	Discretion			86	Discretion			87	Discretion		
650.00	115	Discretion			116	Discretion			118	Discretion		
700.00	145	Discretion			147	Discretion			148	Discretion		
750.00	175	Discretion			177	Discretion			179	Discretion		
800.00	205	Discretion			208	Discretion			210	Discretion		
850.00	235	Discretion			238	Discretion			240	Discretion		
900.00	265	50	-215	-81.1%	268	50	-218	-81.3%	271	50	-221	-81.5%
950.00	294	72	-222	-75.5%	298	73	-225	-75.6%	301	74	-227	-75.5%
1000.00	324	108	-216	-66.6%	327	109	-218	-66.5%	331	111	-220	-66.6%
1050.00	354	144	-210	-59.2%	357	146	-211	-59.1%	361	148	-213	-59.1%
1100.00	383	181	-202	-52.8%	387	183	-204	-52.8%	391	185	-206	-52.8%
1150.00	413	217	-196	-47.5%	417	219	-198	-47.4%	422	222	-200	-47.5%
1200.00	442	253	-189	-42.7%	447	256	-191	-42.8%	452	259	-193	-42.8%
1250.00	472	289	-183	-38.7%	477	292	-185	-38.7%	482	295	-187	-38.7%
1300.00	502	325	-177	-35.2%	508	329	-179	-35.2%	514	332	-182	-35.3%
1350.00	518	361	-157	-30.4%	543	364	-179	-32.9%	549	368	-181	-32.9%
1400.00	534	395	-139	-26.1%	577	399	-178	-30.9%	584	403	-181	-31.0%
1450.00	550	429	-121	-22.1%	599	433	-166	-27.7%	618	438	-180	-29.2%
1500.00	564	463	-101	-18.0%	614	467	-147	-23.9%	648	472	-176	-27.1%
1550.00	577	497	-80	-13.9%	629	502	-127	-20.2%	672	507	-165	-24.5%
1600.00	590	531	-59	-10.1%	643	536	-107	-16.6%	688	542	-146	-21.2%
1650.00	604	564	-40	-6.5%	658	571	-87	-13.3%	704	577	-127	-18.1%
1700.00	617	598	-19	-3.0%	672	605	-67	-10.0%	719	611	-108	-15.0%
1750.00	631	632	1	0.2%	687	639	-48	-6.9%	735	646	-89	-12.1%
1800.00	644	666	22	3.4%	701	674	-27	-3.9%	750	681	-69	-9.2%
1850.00	657	682	25	3.8%	716	708	-8	-1.1%	766	716	-50	-6.6%
1900.00	671	698	27	4.0%	730	742	12	1.7%	781	750	-31	-3.9%
1950.00	684	714	30	4.4%	745	777	32	4.3%	797	785	-12	-1.5%
2000.00	698	730	32	4.6%	760	803	43	5.7%	813	820	7	0.8%
2050.00	712	746	34	4.8%	775	821	46	5.9%	829	854	25	3.1%
2100.00	726	763	37	5.0%	790	839	49	6.2%	846	889	43	5.1%
2150.00	740	779	39	5.2%	806	856	50	6.3%	862	924	62	7.2%
2200.00	754	795	41	5.4%	821	874	53	6.5%	878	951	73	8.3%
2250.00	768	811	43	5.6%	836	892	56	6.7%	894	970	76	8.5%
2300.00	782	827	45	5.7%	852	910	58	6.8%	911	990	79	8.6%
2350.00	795	843	48	6.0%	865	927	62	7.2%	925	1009	84	9.1%
2400.00	807	859	52	6.4%	879	944	65	7.4%	940	1028	88	9.3%
2450.00	819	874	55	6.7%	893	961	68	7.6%	956	1046	90	9.4%
2500.00	832	889	57	6.9%	906	978	72	8.0%	969	1064	95	9.8%
2550.00	844	905	61	7.2%	920	995	75	8.1%	983	1083	100	10.1%

## Comparison of Existing to Proposed Child Support Schedule Four through Six Children

COMBINED ADJUSTED GROSS INCOME	FOUR CHILDREN				FIVE CHILDREN				SIX CHILDREN			
	Existing	Proposed	\$ Change	% Change	Existing	Proposed	\$ Change	% Change	Existing	Proposed	\$ Change	% Change
2600.00	857	920	63	7.3%	933	1012	79	8.4%	998	1101	103	10.3%
2650.00	869	935	66	7.6%	947	1029	82	8.6%	1012	1119	107	10.6%
2700.00	882	950	68	7.8%	961	1045	84	8.8%	1027	1137	110	10.8%
2750.00	894	966	72	8.0%	974	1062	88	9.1%	1042	1156	114	10.9%
2800.00	907	981	74	8.2%	988	1079	91	9.2%	1056	1174	118	11.2%
2850.00	919	996	77	8.4%	1002	1096	94	9.4%	1071	1192	121	11.3%
2900.00	931	1012	81	8.7%	1015	1113	98	9.6%	1085	1211	126	11.6%
2950.00	944	1024	80	8.5%	1029	1127	98	9.5%	1100	1226	126	11.5%
3000.00	956	1033	77	8.0%	1042	1136	94	9.0%	1114	1236	122	10.9%
3050.00	969	1041	72	7.4%	1056	1145	89	8.4%	1129	1246	117	10.3%
3100.00	981	1049	68	6.9%	1070	1154	84	7.8%	1143	1255	112	9.8%
3150.00	994	1056	62	6.2%	1083	1161	78	7.2%	1158	1264	106	9.1%
3200.00	1005	1063	58	5.8%	1096	1169	73	6.7%	1171	1272	101	8.6%
3250.00	1016	1070	54	5.3%	1108	1177	69	6.2%	1185	1281	96	8.1%
3300.00	1028	1077	49	4.8%	1121	1185	64	5.7%	1198	1289	91	7.6%
3350.00	1039	1084	45	4.4%	1133	1193	60	5.3%	1211	1298	87	7.2%
3400.00	1050	1092	42	4.0%	1145	1201	56	4.9%	1225	1306	81	6.7%
3450.00	1062	1099	37	3.5%	1158	1209	51	4.4%	1238	1315	77	6.2%
3500.00	1073	1106	33	3.1%	1170	1217	47	4.0%	1252	1324	72	5.7%
3550.00	1085	1113	28	2.6%	1183	1224	41	3.5%	1265	1332	67	5.3%
3600.00	1096	1116	20	1.9%	1195	1228	33	2.8%	1278	1336	58	4.5%
3650.00	1107	1118	11	1.0%	1208	1230	22	1.8%	1292	1338	46	3.6%
3700.00	1120	1120	0	0.0%	1222	1232	10	0.8%	1307	1341	34	2.6%
3750.00	1133	1122	-11	-1.0%	1236	1234	-2	-0.1%	1322	1343	21	1.6%
3800.00	1146	1124	-22	-1.9%	1250	1236	-14	-1.1%	1337	1345	8	0.6%
3850.00	1159	1126	-33	-2.9%	1264	1238	-26	-2.0%	1352	1347	-5	-0.4%
3900.00	1172	1128	-44	-3.8%	1278	1240	-38	-2.9%	1367	1349	-18	-1.3%
3950.00	1185	1129	-56	-4.7%	1293	1242	-51	-3.9%	1382	1352	-30	-2.2%
4000.00	1197	1131	-66	-5.5%	1307	1244	-63	-4.8%	1397	1354	-43	-3.1%
4050.00	1210	1133	-77	-6.4%	1321	1246	-75	-5.6%	1412	1356	-56	-4.0%
4100.00	1223	1135	-88	-7.2%	1335	1249	-86	-6.5%	1427	1358	-69	-4.8%
4150.00	1236	1137	-99	-8.0%	1349	1251	-98	-7.3%	1443	1361	-82	-5.7%
4200.00	1249	1139	-110	-8.8%	1363	1253	-110	-8.1%	1458	1363	-95	-6.5%
4250.00	1262	1146	-116	-9.2%	1377	1261	-116	-8.4%	1473	1372	-101	-6.9%
4300.00	1275	1157	-118	-9.3%	1391	1272	-119	-8.5%	1488	1384	-104	-7.0%
4350.00	1288	1167	-121	-9.4%	1405	1284	-121	-8.6%	1503	1397	-106	-7.0%
4400.00	1300	1178	-122	-9.4%	1419	1296	-123	-8.7%	1518	1410	-108	-7.1%
4450.00	1313	1189	-124	-9.5%	1433	1308	-125	-8.7%	1532	1423	-109	-7.1%
4500.00	1325	1200	-125	-9.5%	1446	1319	-127	-8.7%	1546	1436	-110	-7.1%
4550.00	1337	1210	-127	-9.5%	1458	1331	-127	-8.7%	1560	1448	-112	-7.2%
4600.00	1348	1221	-127	-9.4%	1471	1343	-128	-8.7%	1573	1461	-112	-7.1%

## Comparison of Existing to Proposed Child Support Schedule Four through Six Children

COMBINED ADJUSTED GROSS INCOME	FOUR CHILDREN				FIVE CHILDREN				SIX CHILDREN			
	Existing	Proposed	\$ Change	% Change	Existing	Proposed	\$ Change	% Change	Existing	Proposed	\$ Change	% Change
4650.00	1359	1232	-127	-9.4%	1483	1355	-128	-8.6%	1586	1474	-112	-7.1%
4700.00	1370	1242	-128	-9.3%	1495	1367	-128	-8.6%	1598	1487	-111	-7.0%
4750.00	1381	1253	-128	-9.3%	1507	1378	-129	-8.5%	1611	1500	-111	-6.9%
4800.00	1392	1264	-128	-9.2%	1519	1390	-129	-8.5%	1624	1512	-112	-6.9%
4850.00	1403	1274	-129	-9.2%	1531	1402	-129	-8.4%	1637	1525	-112	-6.8%
4900.00	1414	1281	-133	-9.4%	1543	1409	-134	-8.7%	1650	1533	-117	-7.1%
4950.00	1425	1285	-140	-9.8%	1555	1413	-142	-9.1%	1663	1537	-126	-7.5%
5000.00	1436	1288	-148	-10.3%	1567	1417	-150	-9.6%	1676	1542	-134	-8.0%
5050.00	1447	1291	-156	-10.8%	1579	1421	-158	-10.0%	1689	1546	-143	-8.5%
5100.00	1458	1295	-163	-11.2%	1591	1424	-167	-10.5%	1701	1550	-151	-8.9%
5150.00	1469	1298	-171	-11.6%	1604	1428	-176	-11.0%	1714	1554	-160	-9.4%
5200.00	1481	1302	-179	-12.1%	1616	1432	-184	-11.4%	1727	1558	-169	-9.8%
5250.00	1492	1305	-187	-12.5%	1628	1435	-193	-11.8%	1740	1562	-178	-10.2%
5300.00	1503	1308	-195	-13.0%	1640	1439	-201	-12.2%	1753	1566	-187	-10.7%
5350.00	1514	1312	-202	-13.4%	1652	1443	-209	-12.7%	1766	1570	-196	-11.1%
5400.00	1525	1315	-210	-13.8%	1664	1447	-217	-13.1%	1779	1574	-205	-11.5%
5450.00	1536	1318	-218	-14.2%	1676	1450	-226	-13.5%	1792	1578	-214	-11.9%
5500.00	1547	1322	-225	-14.6%	1688	1454	-234	-13.9%	1805	1582	-223	-12.4%
5550.00	1558	1325	-233	-15.0%	1700	1457	-243	-14.3%	1817	1585	-232	-12.7%
5600.00	1569	1327	-242	-15.4%	1712	1460	-252	-14.7%	1830	1588	-242	-13.2%
5650.00	1580	1329	-251	-15.9%	1724	1462	-262	-15.2%	1843	1591	-252	-13.7%
5700.00	1591	1331	-260	-16.3%	1737	1464	-273	-15.7%	1856	1593	-263	-14.2%
5750.00	1602	1333	-269	-16.8%	1749	1467	-282	-16.1%	1869	1596	-273	-14.6%
5800.00	1613	1336	-277	-17.2%	1761	1469	-292	-16.6%	1882	1599	-283	-15.1%
5850.00	1624	1338	-286	-17.6%	1773	1472	-301	-17.0%	1895	1601	-294	-15.5%
5900.00	1636	1340	-296	-18.1%	1785	1474	-311	-17.4%	1908	1604	-304	-15.9%
5950.00	1647	1342	-305	-18.5%	1797	1476	-321	-17.8%	1920	1606	-314	-16.3%
6000.00	1658	1344	-314	-18.9%	1809	1479	-330	-18.2%	1933	1609	-324	-16.8%
6050.00	1669	1347	-322	-19.3%	1821	1481	-340	-18.7%	1946	1612	-334	-17.2%
6100.00	1680	1349	-331	-19.7%	1833	1484	-349	-19.1%	1959	1614	-345	-17.6%
6150.00	1689	1351	-338	-20.0%	1843	1486	-357	-19.4%	1969	1617	-352	-17.9%
6200.00	1697	1353	-344	-20.3%	1851	1488	-363	-19.6%	1979	1619	-360	-18.2%
6250.00	1705	1355	-350	-20.5%	1860	1491	-369	-19.8%	1988	1622	-366	-18.4%
6300.00	1713	1357	-356	-20.8%	1869	1493	-376	-20.1%	1997	1625	-372	-18.7%
6350.00	1721	1359	-362	-21.0%	1878	1495	-383	-20.4%	2007	1627	-380	-18.9%
6400.00	1729	1362	-367	-21.2%	1886	1498	-388	-20.6%	2016	1630	-386	-19.2%
6450.00	1737	1364	-373	-21.5%	1895	1500	-395	-20.8%	2025	1632	-393	-19.4%
6500.00	1745	1366	-379	-21.7%	1904	1502	-402	-21.1%	2035	1635	-400	-19.7%
6550.00	1753	1370	-383	-21.9%	1913	1507	-406	-21.2%	2044	1639	-405	-19.8%
6600.00	1761	1376	-385	-21.9%	1922	1513	-409	-21.3%	2053	1647	-406	-19.8%
6650.00	1769	1382	-387	-21.9%	1930	1520	-410	-21.2%	2063	1654	-409	-19.8%

## Comparison of Existing to Proposed Child Support Schedule Four through Six Children

COMBINED ADJUSTED GROSS INCOME	FOUR CHILDREN				FIVE CHILDREN				SIX CHILDREN			
	Existing	Proposed	\$ Change	% Change	Existing	Proposed	\$ Change	% Change	Existing	Proposed	\$ Change	% Change
6700.00	1777	1388	-389	-21.9%	1939	1527	-412	-21.3%	2072	1661	-411	-19.8%
6750.00	1785	1394	-391	-21.9%	1948	1533	-415	-21.3%	2081	1668	-413	-19.8%
6800.00	1793	1400	-393	-21.9%	1957	1540	-417	-21.3%	2091	1675	-416	-19.9%
6850.00	1801	1406	-395	-21.9%	1965	1547	-418	-21.3%	2100	1683	-417	-19.9%
6900.00	1809	1412	-397	-21.9%	1974	1553	-421	-21.3%	2110	1690	-420	-19.9%
6950.00	1817	1418	-399	-22.0%	1983	1560	-423	-21.3%	2119	1697	-422	-19.9%
7000.00	1825	1424	-401	-22.0%	1992	1567	-425	-21.4%	2128	1704	-424	-19.9%
7050.00	1833	1430	-403	-22.0%	2000	1573	-427	-21.3%	2138	1712	-426	-19.9%
7100.00	1841	1436	-405	-22.0%	2009	1580	-429	-21.4%	2147	1719	-428	-19.9%
7150.00	1849	1442	-407	-22.0%	2018	1586	-432	-21.4%	2156	1726	-430	-19.9%
7200.00	1857	1448	-409	-22.0%	2027	1593	-434	-21.4%	2166	1733	-433	-20.0%
7250.00	1865	1454	-411	-22.0%	2035	1600	-435	-21.4%	2175	1740	-435	-20.0%
7300.00	1872	1460	-412	-22.0%	2043	1606	-437	-21.4%	2183	1748	-435	-19.9%
7350.00	1878	1467	-411	-21.9%	2050	1613	-437	-21.3%	2191	1755	-436	-19.9%
7400.00	1885	1473	-412	-21.8%	2057	1621	-436	-21.2%	2199	1763	-436	-19.8%
7450.00	1891	1480	-411	-21.7%	2064	1628	-436	-21.1%	2207	1771	-436	-19.7%
7500.00	1898	1487	-411	-21.7%	2072	1635	-437	-21.1%	2214	1779	-435	-19.6%
7550.00	1904	1493	-411	-21.6%	2079	1643	-436	-21.0%	2222	1787	-435	-19.6%
7600.00	1911	1500	-411	-21.5%	2086	1650	-436	-20.9%	2230	1795	-435	-19.5%
7650.00	1917	1507	-410	-21.4%	2093	1657	-436	-20.8%	2238	1803	-435	-19.4%
7700.00	1924	1513	-411	-21.4%	2100	1665	-435	-20.7%	2246	1811	-435	-19.4%
7750.00	1930	1520	-410	-21.3%	2107	1672	-435	-20.7%	2254	1819	-435	-19.3%
7800.00	1937	1527	-410	-21.2%	2114	1679	-435	-20.6%	2261	1827	-434	-19.2%
7850.00	1943	1533	-410	-21.1%	2122	1686	-436	-20.5%	2269	1835	-434	-19.1%
7900.00	1950	1540	-410	-21.0%	2129	1694	-435	-20.4%	2277	1843	-434	-19.1%
7950.00	1956	1546	-410	-20.9%	2136	1701	-435	-20.4%	2285	1851	-434	-19.0%
8000.00	1962	1553	-409	-20.8%	2143	1708	-435	-20.3%	2293	1859	-434	-18.9%
8050.00	1969	1560	-409	-20.8%	2150	1716	-434	-20.2%	2300	1867	-433	-18.8%
8100.00	1975	1566	-409	-20.7%	2157	1723	-434	-20.1%	2308	1875	-433	-18.8%
8150.00	1982	1573	-409	-20.6%	2164	1730	-434	-20.0%	2316	1883	-433	-18.7%
8200.00	1988	1579	-409	-20.6%	2171	1737	-434	-20.0%	2324	1890	-434	-18.7%
8250.00	1995	1586	-409	-20.5%	2179	1744	-435	-19.9%	2332	1898	-434	-18.6%
8300.00	2001	1592	-409	-20.4%	2186	1751	-435	-19.9%	2340	1905	-435	-18.6%
8350.00	2006	1598	-408	-20.3%	2193	1758	-435	-19.8%	2347	1913	-434	-18.5%
8400.00	2014	1605	-409	-20.3%	2200	1765	-435	-19.8%	2355	1921	-434	-18.4%
8450.00	2020	1611	-409	-20.2%	2206	1772	-434	-19.7%	2361	1928	-433	-18.3%
8500.00	2025	1617	-408	-20.1%	2212	1779	-433	-19.6%	2367	1936	-431	-18.2%
8550.00	2030	1624	-406	-20.0%	2217	1786	-431	-19.4%	2373	1943	-430	-18.1%
8600.00	2035	1630	-405	-19.9%	2222	1793	-429	-19.3%	2379	1951	-428	-18.0%
8650.00	2040	1636	-404	-19.8%	2228	1800	-428	-19.2%	2384	1959	-425	-17.8%
8700.00	2045	1643	-402	-19.7%	2233	1807	-426	-19.1%	2390	1966	-424	-17.7%

## Comparison of Existing to Proposed Child Support Schedule Four through Six Children

COMBINED ADJUSTED GROSS INCOME	FOUR CHILDREN				FIVE CHILDREN				SIX CHILDREN			
	Existing	Proposed	\$ Change	% Change	Existing	Proposed	\$ Change	% Change	Existing	Proposed	\$ Change	% Change
8750.00	2050	1649	-401	-19.6%	2239	1814	-425	-19.0%	2396	1974	-422	-17.6%
8800.00	2055	1656	-399	-19.4%	2244	1821	-423	-18.8%	2401	1981	-420	-17.5%
8850.00	2060	1662	-398	-19.3%	2249	1828	-421	-18.7%	2407	1989	-418	-17.4%
8900.00	2065	1668	-397	-19.2%	2255	1835	-420	-18.6%	2413	1996	-417	-17.3%
8950.00	2070	1675	-395	-19.1%	2260	1842	-418	-18.5%	2418	2004	-414	-17.1%
9000.00	2075	1681	-394	-19.0%	2266	1849	-417	-18.4%	2424	2012	-412	-17.0%
9050.00	2080	1687	-393	-18.9%	2271	1856	-415	-18.3%	2430	2019	-411	-16.9%
9100.00	2085	1694	-391	-18.8%	2276	1863	-413	-18.2%	2435	2027	-408	-16.8%
9150.00	2090	1700	-390	-18.7%	2282	1870	-412	-18.1%	2441	2034	-407	-16.7%
9200.00	2095	1706	-389	-18.6%	2287	1877	-410	-17.9%	2447	2042	-405	-16.6%
9250.00	2100	1713	-387	-18.4%	2293	1884	-409	-17.8%	2453	2050	-403	-16.4%
9300.00	2105	1719	-386	-18.3%	2296	1891	-405	-17.6%	2458	2057	-401	-16.3%
9350.00	2110	1725	-385	-18.2%	2303	1898	-405	-17.6%	2464	2065	-399	-16.2%
9400.00	2115	1732	-383	-18.1%	2309	1905	-404	-17.5%	2470	2072	-398	-16.1%
9450.00	2120	1738	-382	-18.0%	2314	1912	-402	-17.4%	2475	2080	-395	-16.0%
9500.00	2125	1744	-381	-17.9%	2320	1919	-401	-17.3%	2481	2088	-393	-15.9%
9550.00	2130	1751	-379	-17.8%	2325	1926	-399	-17.2%	2487	2095	-392	-15.8%
9600.00	2135	1757	-378	-17.7%	2330	1933	-397	-17.1%	2492	2103	-389	-15.6%
9650.00	2140	1763	-377	-17.6%	2336	1940	-396	-17.0%	2498	2110	-388	-15.5%
9700.00	2145	1770	-375	-17.5%	2341	1947	-394	-16.8%	2504	2118	-386	-15.4%
9750.00	2150	1776	-374	-17.4%	2347	1954	-393	-16.8%	2510	2125	-385	-15.3%
9800.00	2155	1782	-373	-17.3%	2352	1961	-391	-16.6%	2515	2133	-382	-15.2%
9850.00	2160	1789	-371	-17.2%	2357	1967	-390	-16.5%	2521	2141	-380	-15.1%
9900.00	2165	1795	-370	-17.1%	2363	1974	-389	-16.4%	2527	2148	-379	-15.0%
9950.00	2170	1801	-369	-17.0%	2368	1981	-387	-16.3%	2532	2156	-376	-14.9%
10000.00	2175	1808	-367	-16.9%	2374	1988	-386	-16.2%	2538	2163	-375	-14.8%

